

MILITARY CONSTRUCTION AND VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2006

WEDNESDAY, MARCH 16, 2005

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:08 p.m., in room SD-138, Dirksen Senate Office Building, Hon. Kay Bailey Hutchison (chairman) presiding.

Present: Senators Hutchison, Allard, and Feinstein.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

STATEMENT OF GEOFFREY G. PROSCH, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR INSTALLATIONS AND ENVIRONMENT

ACCOMPANIED BY:

MAJOR GENERAL GEOFFREY D. MILLER, ASSISTANT CHIEF OF STAFF, INSTALLATION MANAGEMENT

MAJOR GENERAL WALTER F. PUDLOWSKI, SPECIAL ASSISTANT TO THE DIRECTOR, ARMY NATIONAL GUARD

BRIGADIER GENERAL GARY M. PROFIT, DEPUTY CHIEF, ARMY RESERVE

OPENING STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Senator HUTCHISON. I'll call this meeting order. I'm very pleased to be able to have our second hearing on military construction. Last week, we had the first of our hearings, and today we are doing Army and Air Force. I want to welcome all of you to the Committee. My Ranking Member will be here shortly, but I wanted to go ahead and start so we could stay on time.

This is a dynamic year in military construction, and especially for the Army. Surely, the Army is doing more than probably we could ever have expected, doing modularity, global restationing and BRAC, all at the same time, as we are fighting the war in Iraq with heavy Army effort.

There are many demands on the Army right now, and a tough budget environment, but it doesn't change the fact that every soldier who is reassigned, restationed, or realigned will need a place to eat, sleep, and train, and every family will need quality education and healthcare.

Also, the experience of our military families throughout the processes of moving will directly affect morale, readiness, and retention of our men and women at a time when we must have retention.

So with all of these moving pieces, it seems to me that the Army should be investing heavily in infrastructure in order to have adequate facilities in place for its soldiers and their families when they arrive at the new post. Yet this year's budget request is \$1.48 billion, down 16 percent from last year's request, 25 percent from last year's enacted levels.

I brought this up last week at the Defense Appropriations hearing, with both the Secretary and with General Schoomaker, so I do want everyone to know that I am concerned about the Army, the demands we're putting on the Army, and a lower military construction budget at the same time.

Having said that, I do so support where the Army is putting its increases, and that is in the Guard and Reserve. They are going up 23 and 22 percent, respectively, over their 2005 requests, and the Reserve request is 15 percent above enacted levels. That is, I think, a good thing. We have shortchanged Guard and Reserve facilities for many years. So, while we're not nearly where we need to be, I do support those increases. But I will ask you, as the representative of the Department, Mr. Prosch, to take back the message that I really believe we are shortchanging the Army in military construction.

On the Air Force, you have a 61 percent increase over fiscal year 2005. And, while the Air Force is not facing quite the level of change as the Army in the coming year, it will be actively participating in BRAC, global restationing, and the global war on terror. So there will be infrastructure needs over the next few years as these changes play out.

The Air Force has significantly boosted its family-housing budget request. It's up 18 percent from last year. And, as ardent a supporter as I am of housing privatization, I am pleased to know that with the budgetary cap on the program lifted, the Air Force is now really fully engaged in privatization. I am concerned that in our desire to meet the fiscal year 2007 goal of eliminating inadequate housing to all Services, that we also don't forgo responsible budgeting. I do think that the Committee, our Committee, needs to be kept apprised of the workings of the privatization, and, in cases where MILCON has been appropriated for certain projects that are now being converted to privatization, I think we need to be kept apprised of that and we need to have input when changes like that are made.

With that, I'm going to turn to Senator Allard to see if he has an opening statement. And when Senator Feinstein comes, I will certainly recognize her.

Senator Allard.

STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. Thank you, Madam Chairman. I'd like to thank the panel for testifying today. And I'd like to thank you. I appreciate the opportunity to welcome our guests from both the Army and the Air Force here today.

Too often, in Congress, we focus on our military's fighting units and forget that significant combat-power multipliers are Defense installations. If we have the best installations and facilities, it will make it that much easier for our soldiers, sailors, and the airmen and marines to focus on their mission of defending our Nation.

I'm pleased to welcome our guests here from the Army today. I've been impressed by the proactive approach the Army has taken to address many of the pressing problems facing its military posts, facilities, and training ranges. By thinking ahead, I believe the Army is a couple of steps ahead of other services, addressing difficult problems, like encroachment and shrinking utility of our training ranges.

And, Madam Chairman, I'll also say that we've got, there at Fort Carson—we have some privatization of the housing which seems to be working very well. And both Congressman Hefley and myself have been following it very closely.

This praise does not mean the Army doesn't have problems. In particular, I am concerned about the redeployment of our troops stationed overseas to the continental United States. I support this redeployment, as it better addresses our global posture, but I am concerned the Army has not thought this through. I look forward to asking the witnesses some—from the Army some questions on this particular issue, if I'm here. Madam Chairman, I've got to leave in about 15 minutes or so.

Also, we'll be hearing testimony from witnesses from the Air Force. And, Madam Chairman, I have serious concerns about the way the Air Force has handled the cleanup of one of Colorado's former Air Force bases that was closed during a prior BRAC round. Once we've gone through BRAC closure, I think the follow-up in carrying through your commitments afterwards is extremely important. And so, I'll be asking questions in regard to the Air Force's lack of effort, and some issues regarding a closure that we had in Colorado. I may not be able to ask them in person, but, if not, we'll maybe submit questions to the Committee. Or perhaps, we'll submit them to the Army, and perhaps—maybe they can submit them back to the Committee for a response.

I look forward to working with all of you as we go through some difficult priorities setting here on the Committee. And I want to thank you, Madam Chairman, for giving me the time to say a few words.

Senator HUTCHISON. Thank you, Senator Allard.

We have our first panel today, Mr. Geoffrey Prosch, the Principal Deputy Assistant Secretary of the Army for Installations and Environment; Major General Geoffrey Miller, Assistant Chief of Staff of the Army for Installation Management; Major General Walter Pudlowski, Special Assistant to the Director of the Army National Guard; and Brigadier General Gary Profit, the Deputy Chief of the Army Reserve.

Mr. Prosch, I'm going to ask you to make your statement, but I do want to say how pleased I am with your accessibility. I have called on you many times, and you have responded, and I appreciate that very, very much. It helps for a very strong working relationship.

So if you—let me just see if my Ranking Member would like to make her opening statement now, or would you prefer to wait?

Senator FEINSTEIN. No statement, Madam Chairman, just to welcome everybody. I look forward to their presentations.

Senator HUTCHISON. Senator Burns submitted a statement to be included in the hearing.

[The statement follows:]

PREPARED STATEMENT OF SENATOR CONRAD BURNS

Thank you, Chairwoman Hutchison. Gentlemen, thank you for coming to brief our subcommittee this afternoon. Your service and work is critical to the development and maintenance of the facilities for our soldiers, sailors, airmen, and marines around the world. Since today, we are talking specifically about Air Force and Army military construction, I will restrict my remarks to those areas. I intend to honor our men and women serving and those who have made the ultimate sacrifice for our country by ensuring that our active, reserve, and national guard have the resources they need to support the current and future requirements with which they have been tasked.

Our military personnel are based in dangerous areas all around the world. It speaks well of the character of our young men and women, who, despite these dangers, accept this duty and continue their voluntary service to our Nation. We must ensure that we provide the resources needed to maintain their installations both at home and overseas.

I hold firm in my belief that replacing dangerous and outdated facilities improves morale for our military forces worldwide, contributing to better-trained, more enthusiastic service members who can complete the mission more effectively and safely. Investing in facilities to support the fielding, training, operations, and quality of life of our forces pays dividends. When I chaired this subcommittee years ago, I did just that in my State of Montana. Our Air Force and Guard facilities were “vintage 1940” buildings. Today Montana has state of the art facilities and it has made all the difference in the world for those men and women. So it is that I really feel our commitment to quality of life and modern facilities must not end with the active forces. We must continue to support essential infrastructure improvements for our National Guard forces, which are fighting alongside our active duty forces.

Part of this quality of life includes physical fitness. It is clear that Air Force Chief of Staff, General Jumper, is making fitness a priority throughout the Air Force. I think this is a good thing. We are desperately in need of a new physical fitness center at Malmstrom Air Force Base (AFB), in Great Falls, Montana. Some of you may know that it can get a little chilly up in Montana during the year. . . . This, combined with the fact that Malmstrom AFB has the youngest average age of any Air Force base, has really accelerated the need for expansion of the existing facility. I hope you—Secretary Kuhn and Major General Fox—will work with me in finding a way to get this project accomplished as soon as possible.

We have also had some problems with Air Force contractors over the years at Malmstrom AFB, on various family housing projects. It just shouldn’t be something that our airmen have to worry about—sinking foundations, front steps separating from the rest of the house, etc. While most of this is currently in litigation, I do look appreciate your willingness to continue discussions on these issues with you, should further steps need to be taken.

Mr. Prosch, I also note with interest a specific initiative the Army is undertaking as part of an overall improvement to its facilities posture. As we listen to your testimony today, I would like to hear more about the Army’s “Range and Training Land Strategy” and hope we can discuss this further. Fort Harrison, in Helena, Montana, is a wonderful asset to not only the Montana National Guard, but the entire United States military. Various units from across the country love to come to Fort Harrison to train. I wonder if Fort Harrison could fit into this strategy somehow.

You will continue to have my strong support in these areas, as we invest in training and quality of life measures. It is of utmost importance that we do what we can to maintain the proficiency, readiness, and morale of these soldiers and airmen, whom this Nation relies upon to protect freedom and our way of life.

Again, I thank you for being here today and look forward to your testimony. Thank you, Chairwoman Hutchison.

Senator HUTCHISON. Thank you.

Mr. Prosch.

Mr. PROSCH. Thank you, ma'am.

STATEMENT OF GEOFFREY G. PROSCH

Madam Chairman Hutchison, Ranking Member Feinstein, Senator Allard, I'm pleased to appear before you with my Army Installation partners, Major General Geoffrey Miller from the Active Army, Major General Walt Pudlowski from the Army National Guard, and Brigadier General Gary Profit from the Army Reserve.

This is my fourth year to have this distinct honor to represent our great Army and to testify before Congress. It is wonderful to be here today with friends and Army supporters from this Committee. We look forward to the opportunities this Committee brings toward leveraging enhanced quality of life for our soldiers and families.

We have provided a written statement for the record that provides details on our Army's fiscal year 2006 Military Construction budget. On behalf of the Army Installation Management team, I would like to comment briefly on the highlights of our program.

We begin by expressing our great appreciation for the tremendous support that the Congress has provided to our soldiers and their families who are serving our country around the world. We are a Nation and an Army at war, and our soldiers would not be able to perform their missions so well without your support.

We have submitted a military construction budget of \$3.3 billion that will fund our highest-priority active Army, Army National Guard, and Army Reserve facilities, along with our family housing requirements. This budget request supports our Army vision encompassing current readiness, transformation, and people.

As we are fighting the global war on terrorism, we are simultaneously transforming to be a more relevant and ready Army. We are on a path with the transformation of installation management that will allow us to achieve these objectives. We currently have hundreds of thousands of soldiers mobilizing and demobilizing, deploying and redeploying. More troops are coming and going on our installations than in any era since World War II. Our soldiers and installations are on point for the Nation.

And on a special note I would ask everyone here to keep our forward-deployed soldiers in your thoughts and prayers. New forces have rotated recently to Iraq. The 3rd Infantry Division and the 3rd Armored Cavalry Regiment have returned for their second tour of duty. The 42nd Infantry Division, Army National Guard, the Rainbow Division, has deployed. Now, they are over there. The enemy will test them early on. So keep them in your prayers.

The Army recently identified key focus areas to channel our efforts to win the global war on terrorism and to increase the relevance and readiness of our Army. One of our focus areas is "installations as flagships," which enhances the ability of our installations to project power and support families. Our installations support an expeditionary force, where soldiers train, mobilize, and deploy to fight and are sustained as they reach back for enhanced support. Soldiers and their families who live on and off the installation deserve the same quality of life as is afforded the society they are pledged to defend. Installations are a key ingredient to combat readiness and well-being.

Our worldwide installations' structure is critically linked to Army transformation and the successful fielding of the modular force. Military construction is a critical tool to ensure that our installations remain relevant and ready.

Our fiscal year 2006 Military Construction budget will provide the resources and facilities necessary for continued support of our mission. Let me summarize what this budget will provide for our Army: new barracks for 5,190 soldiers, adequate on-post housing for 5,800 Army families, increased MILCON funding for the Army National Guard and the Army Reserve over last year's request, new readiness centers for over 3,300 Army National Guard soldiers, new Reserve centers for over 2,700 Army Reserve soldiers, a \$292 million military construction investment in training readiness, and facilities support and improvements for our Stryker Brigades.

With the sustained and balanced funding represented by this budget, our long-term strategies will be supported. With your help, we will continue to improve soldier and family quality of life, while remaining focused on our Army's transformation to the future force.

PREPARED STATEMENT

In closing, Madam Chairman, we thank you for the opportunity to outline our program. As I have visited Army installations, I have witnessed progress that has been made, and we attribute much of this success directly to the longstanding support of this Committee and your able staff. With your continued assistance, our Army pledges to use fiscal year 2006 MILCON funding to remain responsive to our Nation's need.

Thank you for the opportunity to appear before your Subcommittee and answer any questions you may have.

[The statement follows:]

PREPARED STATEMENT OF GEOFFREY G. PROSCH

INTRODUCTION

Madam Chairman and members of the subcommittee, it is a pleasure to appear before you to discuss our Army's Military Construction budget for fiscal year 2006. Our request includes initiatives and sustainment of programs of critical importance to our Army, the Congress, and the Global War on Terrorism, and we appreciate the opportunity to report on them to you. We would like to start by thanking you for your unwavering support to our Soldiers and their families who serve our Nation around the world. Their courage and sacrifices remain the foundation of our Army, and they would not be able to perform their global missions so successfully without your steadfast support.

OVERVIEW

Installations are the home of combat power—a critical component to the Nation's force capabilities. The Department of Defense and our Army are working to ensure that we deliver cost-effective, safe, and environmentally sound capabilities and capacities to support the national defense mission.

Today, United States forces are engaged worldwide in a war against global terror. Operations Enduring Freedom and Iraqi Freedom clearly underscore the need for a joint, integrated military force ready to defeat all threats to United States interests. To meet the security challenges of the 21st Century, we require the right blend of people, weapons, and support systems. Regarding support systems, we need a global framework of Army installations, facilities, ranges, airfields and other critical assets that are properly distributed, efficient, and capable of ensuring that we can

successfully carry out the roles, missions, and tasks that safeguard our security at home and overseas.

The Army's installations framework is multi-purposed. It must sustain the regular forward presence of U.S. forces as well as their emergency deployment in crisis, contingency, and combat. It must have the surge capacity to support the mobilization and demobilization of our Army reserve component forces. It must also focus 10 to 20 years into the future to develop technologically advanced, affordable, and effective joint systems and platforms and develop highly qualified and committed installation management personnel who will operate and maintain them. Our framework must provide a productive, safe, and efficient workplace and offer a decent quality of service and facilities for our Soldiers and their families (comparable to the American citizens off post they are pledged to defend).

We recognize the enormity of the task to provide the right installations framework given the other competing funding programs. We are challenged to find the optimum management approach that balances the many purposes of our assets. For example, while our installations retain their primary military mission to organize, train and equip our forces, they also are home to rare species of plants and animals while experiencing encroachment from outside civilian communities. Our stewardship thus embraces the joint warfighting requirements of the Combatant Commanders with environmental management and stewardship of our Earth.

DEFENSE INSTALLATIONS STRATEGIC PLAN

In August 2001, the Department of Defense issued the first-ever Defense Installations Posture Statement along with the initial Defense Facilities Strategic Plan. Those concepts and initiatives have guided the Department's programs and budgets and enabled substantial improvements in the management and sustainability of our installation assets. However, the attacks of September 11, 2001, and the ongoing Global War on Terrorism significantly altered our requirement for homeland security. The Department of Defense 2004 Installations Strategic Plan significantly expands the scope and depth of the initial Strategic Plan. The expanded scope reflects the integral relationship between natural and manmade assets on our installations. It advances the integration of installations and the environmental, safety, and occupational health activities to enhance overall support of the military mission.

Our vision is to ensure installation assets and services are available when and where needed, with joint capabilities and capacities necessary to effectively and efficiently support DOD missions.

Our mission is to provide, operate, and sustain, in a cost-effective and environmentally sound manner, the installation assets and services necessary to support our military forces—in both peace and war.

Our goals include the following.

Right Size and Place.—Locate, size, and configure installations and installation assets to meet the requirements of both today's and tomorrow's force structure.

Right Quality.—Acquire and maintain joint Army installation assets to provide good, safe, and environmentally sound living and working places, suitable base services, and effective support for current and future missions.

Right Safety and Security.—Protect Army installation assets from threats and unsafe conditions to reduce risk and liabilities.

Right Resources.—Balance requirements and resources—money, people, and equipment—to optimize life-cycle investments and reduce budget turbulence.

Right Tools and Metrics.—Improve portfolio management and planning by embracing best business practices, modern asset management techniques, and performance assessment metrics.

THE WAY AHEAD

Army installations are the home of U.S. combat power and are an inseparable element of the Nation's military readiness and wartime effectiveness. From our installations, we generate the combat power required today and develop the combat power that will be needed in the future. To operate installations effectively and efficiently, we must sustain, restore, and modernize all of our installation assets and services—all the natural and manmade assets associated with owning, managing, and operating an installation, including the facilities, people, and internal and external environments.

Our plan is to deliver a framework of installations, facilities, ranges, and other critical assets that is properly distributed, efficient, and capable of ensuring that we can successfully carry out the roles, missions, and tasks that safeguard our security at home and overseas. We have made good progress in many areas, but much remains to be done. America's security depends upon installation assets that are avail-

able when and where needed and with the right capabilities to support current and future mission requirements. As the guardians of Army installations and environment, we embrace transformation as the only way to guarantee these capabilities are delivered—effectively and efficiently.

ARMY INSTALLATION STRATEGIES

To improve our Army's facilities posture, we have undertaken specific initiatives to focus our resources on the most important areas—Barracks, Family Housing, Revitalization/Focused Facilities, Range and Training Land Strategy, and Current to Modular Force.

Barracks Modernization Program.—Our Army is in the 12th year of its campaign to modernize barracks to provide 136,000 single enlisted permanent party Soldiers with quality living environments. The new complexes meet the Department of Defense "1+1" or equivalent standard by providing two-Soldier suites, increased personal privacy, larger rooms with walk-in closets, new furnishings, adequate parking, landscaping, and unit administrative offices separated from the barracks.

Army Family Housing.—This year's budget continues our significant investment in our Soldiers and their families by supporting our goal to have contracts and funding in place to eliminate inadequate housing by fiscal year 2007 in the United States and by fiscal year 2008 overseas. For families living off-post, the budget for military personnel maintains the basic allowance for housing that eliminates out of pocket expenses.

Revitalization/Focused Facilities.—Building on the successes of our housing and barracks programs, we are moving to improve the overall condition of Army infrastructure with the Focused Facility Strategy. The Installation Status Report is used to determine facilities quality ratings of C-1 to C-4 based on their ability to support mission requirements.

Installation Status Report – Facilities Quality Ratings

- C-1** Minor deficiencies that have negligible impact on mission performance
- C-2** Some deficiencies that have limited impact on mission performance
- C-3** Significant deficiencies that prevent performance of some missions
- C-4** Major deficiencies that preclude satisfactory mission performance

We are a C-1 Army living and working in C-3 facilities. Our goal is to reach an overall Army average of C-2 quality by concentrating on seven types of C-3 and C-4 facilities. These focus facilities are general instruction buildings, Army National Guard Readiness Centers, Army Reserve Centers, tactical vehicle maintenance shops, training barracks, physical fitness centers, and chapels.

Army Range and Training Land Strategy.—Ranges and training lands enable our Army to train and develop its full capabilities to ensure our forces are relevant and ready. Our Army Range and Training Land Strategy supports the Department of Defense's training transformation goals, Army transformation, and our Army's Sustainable Range Program. The Strategy identifies priorities for installations requiring resources to modernize ranges, mitigate encroachment, and acquire training land.

Current to Modular Force.—The fiscal year 2006 budget includes projects to ensure that our "training battlefields" continue to meet the demands of force structure, weapons systems, and doctrinal requirements. As of fiscal year 2005, we have constructed or funded 80 percent of the Military Construction requirements for the Stryker Brigade Combat Teams.

Leveraging Resources.—Complementary to these budget strategies, the Army also seeks ways to leverage scarce resources and reduce our requirements for facilities and real property assets. Privatization initiatives such as Residential Communities Initiative (RCI), Utilities Privatization, and build-to-lease family housing in Europe and Korea represent high payoff programs which have substantially reduced our dependence on investment funding. We also benefit from agreements with Japan, Korea, and Germany where the Army receives host nation funded construction.

In addition, Congress has provided valuable authorities to utilize the value of our non-excess inventory under the Enhanced Use Leasing program and to trade facilities in high cost areas for new facilities in other locations under the Real Property Exchange program. In both cases, we can capitalize on the value of our existing assets to reduce un-financed facilities requirements.

Looking toward the immediate future, we are aggressively reviewing our construction standards and processes to align with industry innovations and best practices.

In doing so, we hope to deliver more facilities capability at comparable costs and meet our requirements faster.

MILITARY CONSTRUCTION

Our Army's fiscal year 2006 budget request includes \$3.3 billion for Military Construction appropriations and associated new authorizations.

Military Construction Appropriation	Authorization Request	Authorization of Appropriations Request	Appropriation Request
Military Construction Army (MCA)	\$1,262,719,000	\$1,479,841,000	\$1,479,841,000
Military Construction Army National Guard (MCNG)	NA	327,021,000	327,012,000
Military Construction Army Reserve (MCAR)	NA	106,077,000	106,077,000
Army Family Housing (AFH)	549,636,000	1,362,629,000	1,362,629,000
Total	1,812,355,000	3,275,559,000	3,275,559,000

MILITARY CONSTRUCTION, ARMY (MCA)

The Active Army fiscal year 2006 Military Construction request is \$1,262,719,000 for authorization and \$1,479,841,000 for authorization of appropriations and appropriation. As was the case last year, we have included only minimal, critical, overseas projects in this year's budget. These projects will provide the infrastructure necessary to ensure continued Soldier readiness and family well-being that is essential throughout any period of transition.

People Projects.—The well-being of our Soldiers, civilians, and families is inextricably linked to our Army's readiness. We are requesting \$759 million or 51 percent of our MCA budget for projects to improve well-being in significant ways.

Our Army continues to modernize and construct barracks to provide enlisted single Soldiers with quality living environments. This year's budget includes 19 barracks projects to provide new or improved housing for 5,190 Soldiers. With the approval of \$716 million for barracks in this budget, 85 percent of our requirement will be funded at the "1+1" or equivalent standard. We are making considerable progress at installations in the United States, but will only fund high-priority projects at enduring installations in Europe and Korea.

We are requesting full authorization of \$331 million for multi-phased barracks complexes, but requesting only \$156 million in appropriations for these projects in fiscal year 2006. Our plan is to award each complex, subject to subsequent appropriations, as single contracts to gain cost efficiencies, expedite construction, and provide uniformity in building systems.

We are also requesting the second increment of funding, \$21 million for a Basic Combat Training Complex that was fully authorized last year. This Complex will house 1,200 basic trainees and provide company and battalion headquarters with classrooms and an exterior physical fitness training area. The fiscal year 2006 budget also includes a physical fitness center for \$6.8 million and a child development center for \$15.2 million.

Current Readiness Projects.—Projects in our fiscal year 2006 budget will enhance training and readiness by providing arrival/departure facilities, maintenance facilities, and the second phase of a library and learning center. We will also construct combined arms collective training facilities, shoot houses, an infantry platoon battle course, a qualification training range, a multipurpose squad course, a digital multipurpose training range, urban assault courses, and a modified record fire range. These facilities will provide our Soldiers realistic, state-of-the-art live fire training. We are requesting a total of \$424 million for these high priority projects.

Modular Force Projects.—Our budget supports transformation of the Army to a modern, strategically responsive force. Projects include a road upgrade, a tactical vehicle wash facility, a battle area complex, a modified urban assault course, and a vehicle maintenance facility. Our budget contains \$115 million for these projects.

Other Worldwide Support Programs.—The fiscal year 2006 MCA budget includes \$141 million for planning and design of future projects. As executive agent, our Army also provides oversight of design and construction for projects funded by host nations. The fiscal year 2006 budget requests \$20 million for oversight of approximately \$800 million of host nation funded construction in Japan, Korea, and Europe for all Services.

The fiscal year 2006 budget also contains \$20 million for unspecified minor construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD (MCNG)

Our Army National Guard's fiscal year 2006 Military Construction request for \$327,012,000 (for appropriation and authorization of appropriations) is focused on Current Readiness, Modular Force, and other worldwide and unspecified programs.

Current Readiness Projects.—In fiscal year 2006, our Army National Guard has requested \$71.6 million for six projects to support current readiness. These funds will provide the facilities our Soldiers require as they train, mobilize, and deploy. Included are one Readiness Center, two maintenance facilities, two training projects, and a training range environmental mitigation project.

Modular Force Projects.—This year, our Army National Guard is requesting \$201.7 million for 37 projects to transform to a Modular Force. There are 13 projects for our Army Division Redesign Study, three for Aviation Transformation to provide modernized aircraft and change unit structure, four for the Army Range and Training Land Strategy, and 17 for the Stryker Brigade Combat Team initiative.

Other Worldwide Support Programs.—The fiscal year 2006 MCNG budget also contains \$46.1 million for planning and design of future projects, along with \$7.6 million for unspecified minor military construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

MILITARY CONSTRUCTION, ARMY RESERVE (MCAR)

Our Army Reserve's fiscal year 2006 Military Construction request for \$106,077,000 (for appropriation and authorization of appropriations) is for Current Readiness and other worldwide unspecified programs.

Current Readiness Projects.—In fiscal year 2006, our Army Reserve will invest \$56.4 million to construct four new Reserve Centers and the second phases of two other Reserve Centers; invest \$15.4 million to construct the first phase of a three-phase noncommissioned officer academy; and \$5.4 million for a Public Safety Center—for a total facility investment of \$77.2 million. Construction of the six Army Reserve Centers will support over 2,700 Army Reserve Soldiers. In addition, our Army Reserve will invest \$11.5 million to construct six training ranges, which will be available for joint use by all Army components and military services.

Other Worldwide Unspecified Programs.—The fiscal year 2006 MCAR budget request includes \$14.4 million for planning and design for future year projects. The fiscal year 2006 MCAR budget also contains \$3.0 million for unspecified minor military construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

ARMY FAMILY HOUSING CONSTRUCTION (AFHC)

Our Army's fiscal year 2006 family housing request is \$549,636,000 (for appropriation, authorization of appropriation, and authorization). It continues the successful and well-received Whole Neighborhood Revitalization initiative approved by Congress in fiscal year 1992 and supported consistently since that time, and our Residential Communities Initiative (RCI) program.

The fiscal year 2006 new construction program provides Whole Neighborhood replacement projects at seven locations in support of 709 families for \$231.7 million. In addition, we will replace 709 houses and upgrade another 1,112 using traditional military construction.

The Construction Improvements Program is an integral part of our housing revitalization and privatization programs. In fiscal year 2006, we are requesting \$162.4 million for improvements to 1,112 existing units at three locations in the United States and five locations in Europe, as well as \$138.0 million for scoring and direct equity investment in support of privatizing 3,606 units at three RCI locations.

In fiscal year 2006, we are also requesting \$17.5 million for planning and design for future family housing construction projects critically needed for our Soldiers.

Privatization.—RCI, our Army's Family Housing privatization program, is providing quality, sustainable housing and communities that our Soldiers and their families can proudly call home. RCI is a critical component of our Army's effort to eliminate inadequate family housing in the United States. The fiscal year 2006 budget provides support to continue implementation of this highly successful program.

We are leveraging appropriated funds and Government assets by entering into long-term partnerships with nationally recognized private sector real estate development/management and homebuilder firms to obtain financing and management expertise to construct, repair, maintain, and operate family housing communities.

The RCI program currently includes 45 installations with a projected end state of almost 84,000 units—over 90 percent of the family housing inventory in the United States. By the end of fiscal year 2005, our Army will have privatized 29 installations with an end state of 60,000 homes. We have privatized over 50,000 homes through December 2004, and with your approval of the fiscal year 2006 budget, we will have privatized over 71,600 homes by the end of fiscal year 2006.

ARMY FAMILY HOUSING OPERATIONS (AFHO)

Our Army's fiscal year 2006 family housing operations request is \$812,993,000 (for appropriation and authorization of appropriations), which is approximately 59 percent of the total family housing budget. This account provides for annual operations, municipal-type services, furnishings, maintenance and repair, utilities, leased family housing, demolition of surplus or uneconomical housing, and funds supporting management of the Military Housing Privatization Initiative.

Operations (\$138 million).—The operations account includes four sub-accounts: management, services, furnishings, and a small miscellaneous account. All operations sub-accounts are considered "must pay accounts" based on actual bills that must be paid to manage and operate family housing.

Utilities (\$132 million).—The utilities account includes the costs of delivering heat, air conditioning, electricity, water, and wastewater support for family housing units. While the overall size of the utilities account is decreasing with the reduction in supported inventory, per-unit costs have increased due to general inflation and the increased costs of fuel. We continue to make steady progress in the privatization of utility systems/infrastructure on our installations.

Maintenance and Repair (\$309 million).—The maintenance and repair (M&R) account supports annual recurring maintenance and major maintenance and repair projects to maintain and revitalize family housing real property assets. Since most Family Housing operational expenses are fixed, M&R is the account most affected by budget changes. Funding reductions results in slippage of maintenance projects that adversely impacts on Soldiers and family quality of life.

Leasing (\$214 million).—The leasing program provides another way of adequately housing our military families. The fiscal year 2006 budget includes funding for 13,190 housing units, including existing Section 2835 ("build-to-lease"—formerly known as 801 leases) project requirements, temporary domestic leases in the United States, and approximately 8,100 units overseas.

RCI Management (\$20 million).—The RCI management program provides funding for the implementation and oversight requirements for procurement, environmental studies, real estate support, portfolio management, and operation of the overall RCI program.

BASE REALIGNMENT AND CLOSURE (BRAC)

In 1988, Congress established the Defense Base Realignment and Closure Commission to ensure a timely, independent and fair process for closing and realigning military installations. Since then, the Department of Defense has successfully executed four rounds of base closures to rid the Department of excess infrastructure and align the military's base infrastructure to a reduced threat and force structure. Through this effort, our Army estimates approximately \$10 billion in savings through 2005.

Our Army is requesting \$93.9 million in fiscal year 2006 for prior BRAC rounds (\$4.5 million to fund caretaking operations of remaining properties and \$89.4 million for environmental restoration). In fiscal year 2006, our Army will complete environmental restoration efforts at four installations, leaving nine remaining BRAC installations requiring environmental restoration. We also plan to dispose of an additional 1,119 acres in fiscal year 2006.

To date, our Army has disposed of 227,429 acres (88 percent of the total acreage disposal requirement of 258,607 acres). We have 31,186 acres remaining to dispose of at 21 installations. Our Army continues to save more than \$900 million annually from previous BRAC rounds. To date, the Army has spent \$2.6 billion on BRAC environmental restoration.

OPERATION AND MAINTENANCE

The fiscal year 2006 Operation and Maintenance budget includes funding for Sustainment, Restoration, and Modernization (S/RM) and Base Operations Support (BOS). The S/RM and BOS accounts are inextricably linked with our Military Construction programs to successfully support our installations. The Army has centralized the management of its installations assets under the Installation Management Agency (IMA) to best utilize operation and maintenance funding.

Sustainment, Restoration, and Modernization.—S/RM provides funding for the Active and Reserve Components to prevent deterioration and obsolescence and restore the readiness of facilities on our installations.

Sustainment is the primary account in installation base support funding responsible for maintaining the infrastructure to achieve a successful readiness posture for our Army's fighting force. It is the first step in our long-term facilities strategy. Installation facilities are the mobilization and deployment platforms of America's Army and must be properly maintained to be ready to support current Army missions and future deployments.

The second step in our long-term facilities strategy is recapitalization by restoring and modernizing our existing facility assets. Restoration includes repair and restoration of facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes. Modernization includes alteration or modernization of facilities solely to implement new or higher standards, including regulatory changes, to accommodate new functions, or to replace building components that typically last more than 50 years, such as foundations and structural members.

Base Operations Support.—This funds programs to operate the bases, installations, camps, posts, and stations for our Army worldwide. The program includes municipal services, government employee salaries, family programs, environmental programs, force protection, audio/visual, base communication services and installation support contracts. Army Community Service and Reserve Component family programs include a network of integrated support services that directly impact Soldier readiness, retention, and spouse adaptability to military life during peacetime and through all phases of mobilization, deployment, and demobilization.

Installation Management Agency.—The Installation Management Agency (IMA) is a result of the Army leadership's vision to streamline headquarters, create more agile and responsive staffs, reduce layers of review and approval, focus on mission, and transform the Army. IMA brings together all installation support services under one umbrella to promote optimal care and support of Soldiers and families. IMA is at the center of the Army's initiative to mold installation support functions into a corporate structure, enabling equitable, efficient, and effective management of Army installations worldwide. IMA supports readiness, promotes well-being, and preserves infrastructure and the environment.

In its first 2 years, IMA has been successful in executing the tasks associated with growing a new organization, while simultaneously supporting the Global War on Terrorism. In the upcoming year, IMA will continue to develop a cadre of leaders to orchestrate excellence in installation management; manage installations equitably, effectively, and efficiently; support the well-being of the Army's people; practice sound stewardship and resource management; deliver improved mission support to all organizations; and develop and sustain an innovative, team-spirited, highly capable, service-oriented workforce.

HOMEOWNERS ASSISTANCE FUND, DEFENSE

Our Army is the Department of Defense Executive Agent for the Homeowners Assistance Program. This program provides assistance to homeowners by reducing their losses incident to the disposal of their homes when military installations at or near where they are serving or employed are ordered to be closed or the scope of operations reduced. For fiscal year 2006, there is no request for appropriations and authorization of appropriations. Requirements for the program will be funded from prior year carryover and revenue from sales of homes. Assistance will be continued for personnel at five installations that are impacted with either a base closure or a realignment of personnel, resulting in adverse economic effects on local communities. The fiscal year 2006 Homeowners Assistance Program budget does not include resources for potential requirements that the new Base Realignment and Closure 2005 process may cause.

FISCAL YEAR 2005 SUPPLEMENTAL BUDGET REQUEST

The fiscal year 2005 Supplemental request funds facilities that directly support the Global War on Terrorism in both the United States and overseas locations. It contains \$990.1 million in Military Construction for the Active Component Army.

Within the Central Command area of operations in Afghanistan and Iraq, there are \$687.3 million for military construction projects. Projects in Afghanistan include barracks, a fuel storage tank farm and distribution system, Joint operations center, power generation plant, and an ammunition supply point. Projects in Iraq include barracks, a tactical operations building, medical facilities, an overhead cover system for force protection, an equipment support activity, a battalion and company head-

quarters, a 60-mile supply route, and a project to encapsulate hazardous materials bunkers.

Within the Southern Command area of operations at Guantanamo Bay, Cuba, there is \$41.8 million for two military construction projects—a detention facility and a radio range security fence.

Within the United States, there is \$261 million for military construction relating to modularity. The projects, distributed to seven different locations, include site preparation and utility work, an aircraft maintenance hangar, an aircraft hangar, and mobilization and training barracks.

Additionally, the fiscal year 2005 Supplemental budget includes \$248 million in Other Procurement, Army for relocatable buildings to provide temporary barracks, company operations, and dining and maintenance facilities at five locations in the United States. These are required to support our Soldiers as they prepare for battle.

SUMMARY

Madam Chairman, our fiscal year 2006 budget is a balanced program that supports our Soldiers and their families, the Global War on Terrorism, Army transformation, readiness and Department of Defense installation strategy goals. We are proud to present this budget for your consideration because of what this \$3.3 billion fiscal year 2006 budget will provide for our Army:

- New barracks for 5,190 Soldiers
 - New housing for 5,800 families
 - Management of 71,600 privatized homes
 - Operation and sustainment of 48,000 government-owned and leased homes
 - New or improved Readiness Centers for over 3,300 Army National Guard Soldiers
 - New Reserve Centers for over 2,700 Army Reserve Soldiers
 - Three Aviation Transformation projects
 - \$292 million investment in training ranges
 - Facilities support for two Stryker Brigades
 - Transfer/disposal of 88 percent of prior Base Realignment and Closure acreage
- Our long-term strategies for installations will be accomplished through sustained and balanced funding, and with your support, we will continue to improve Soldier and family quality of life, while remaining focused on our Army's transformation.
- In closing, we would like to thank you again for the opportunity to appear before you today and for your continued support for our Army

Senator HUTCHISON. Thank you, Mr. Prosch. You are the only one on the panel making a statement?

Mr. PROSCH. Yes, ma'am.

Senator HUTCHISON. Then I would like to defer to Senator Alard, since he has to go, for the first questions. And then I will call on Senator Feinstein, and then I will go next. We are going to have a 5 minute time rule.

Senator ALLARD. Thank you, Madam Chairman.

EASEMENTS TO PREVENT URBAN ENCROACHMENT

One of the things that's happening in Fort Carson is that we have an opportunity to begin to take advantage of some easements around the base there to prevent urban encroachment. This is a problem, when we were on Armed Services Committee, that we've addressed with some authorizing legislation. And it seems as though we have reached a consensus, as far as the community leaders are concerned; we have reached consensus as far as the base commander is concerned; and we have reached a consensus with the property owners around there. The owners are willing sellers. In fact, there's only just a couple of property owners there who own very large ranches that border Fort Carson. There is urban encroachment that's occurring on that area, and I think everybody's concerned about it.

And so, I just want to inquire of you, Mr. Prosch, what sort of priority will these conservation easements have particularly when we have everything pretty well lined up.

Mr. PROSCH. Sir, we think it's a great program. And we've had some real successes in dealing with encroachment at Fort Bragg. We're getting some great successes also at Fort Hood and at the National Training Center. We've found that at Fort Bragg, our pilot initiative with these easements, we were able to obtain land around Fort Bragg and work in close coordination with the Fish and Wildlife Service, and actually develop a nature habitat surrounding Fort Bragg, which allowed us to move endangered species habitat to that area and free up training area.

We're doing the same thing at Fort Hood. On the 16th of April, we're going to commemorate a partnership with Central Texas that will allow us to free up 47,000 acres of land at Fort Hood for both training and cattle grazing.

We're doing the same thing at the NTC, with the leadership of Senator Feinstein. And I would welcome the opportunity to work closely with you and the great people in Colorado to help that.

If you look at the challenges we have in the environmental arena, encroachment and endangered species are the two biggest challenges that we have, because they threaten readiness. And if we can not do live-fire training and maneuver training, we can not get your soldiers combat-ready in the way that the threat they're going to see when they hit the ground in another area.

Senator ALLARD. Well, I thank you for that statement and agree with what you're saying.

RESTATIONING FACILITY REQUIREMENTS—FORT CARSON

The other thing that's happening in Colorado is that the 2nd Combat Brigade Team, the 2nd Infantry is being permanently transferred from Korea to Fort Carson, Colorado. I understand that there may be some significant restationing facility requirements. These requirements may cost as much as 300 million in military construction. I think Fort Carson is not the only base facing these challenges. What is the Army's plan to meet these requirements?

Mr. PROSCH. Sir, we're anxiously awaiting their arrival, in August. And I would turn it over to Geoff Miller, my active duty army assistant here, for the details.

General MILLER. Thank you.

One of the things, Senator, that's going on—you know, we're going to do a combination of things at Fort Carson, for example. We're going to renovate 17 of our barracks to the "One-Plus-One" standard to welcome the 2nd Brigade Combat Team back in. We're also going to do some interim facilities that will round out that capability. But we do—and we will need to come back to the Congress to ask for military—MILCON to be able to have permanent capability once the final stationing choices are made, after the BRAC announcements are made. So——

Senator ALLARD. So that's a request you would make in the next budget year, in the 2007 budget year?

General MILLER. Yes, sir, that's correct.

Senator ALLARD. I see. Okay.

Madam Chairman, that pretty well wraps up my questions. And I see my time's close to running out. And I thank you.

Senator HUTCHISON. Thank you.

Senator FEINSTEIN.

Senator FEINSTEIN. Thank you very much, Madam Chairman.

Senator HUTCHISON. And we're on a 5 minute rule.

Senator FEINSTEIN. Thank you.

DECREASED BUDGET REQUEST

Why is the Army's request decreased by 16½ percent, when the Army's overall facilities quality rating is C3?

Mr. PROSCH. Ma'am, you'll see a decrease in military construction in this budget over what we did last year. Some of the rationale on that is that, because of the great success in our privatization for housing, we don't have to do as much military construction for housing. You can see that our OCONUS military construction is focused in our enduring installations. We're going to ask for your support for that OCONUS construction. Our military housing overseas, we are now——

Senator FEINSTEIN. Well, let me just stop you. As I understand, the housing request has a drop of \$220 million, or 13 percent—actually, 12.9 percent—from last year's request, but the overall MILCON is down 16½ percent. In the time I've been on the committee, I've never seen anything quite like this, in terms of a decrease of the most active service engaged in war today.

RCI PROGRAM

Mr. PROSCH. Yes, ma'am. The family housing operations is dropped because of the success of the RCI program, because the operations are funded by Basic Allowance for Housing (BAH) funds to our privatization partner now. So that's one reason why you see a drop there. And that's been very successful. And that accounts for several hundred million dollars in drop of the family housing operations piece. But if you look at the——

Senator FEINSTEIN. You're saying that the same number of housing units are built, but built this much more cheaply?

Mr. PROSCH. We have 23 installations where we have privatized housing. One of the great success stories is at Presidio of Monterey. And what you see there is, we used the basic allowance for housing as the income stream to fund that. And our privatization partners construct and do the family housing operations for those programs, so that the Army is still funding it, but it's a different stream; it's not through the military construction program now. And——

Senator FEINSTEIN. Well, I'm just wondering, can you say, then, that private building of military housing is a big enough savings to reduce your budget by 16½ percent?

Mr. PROSCH. I'm just talking about the operations of family housing right now.

Senator FEINSTEIN. Something—I mean, just something in the numbers don't jive.

Mr. PROSCH. Right.

Senator FEINSTEIN. And maybe we could work together and see if——

Mr. PROSCH. Sure.

Senator FEINSTEIN [continuing]. We can get an understanding of those numbers.

Mr. PROSCH. Yes, ma'am.

Senator FEINSTEIN. Because I don't understand it.

I would like to ask you a question about—Senator Allard has similar concerns but about Fort Ord in——

Mr. PROSCH. Yes, ma'am.

FORT ORD BURN—REMEDATION FUNDING

Senator FEINSTEIN [continuing]. California. The Army, according to this, intends to spend \$4.8 million this coming year. And last year, range fires burned nearly 2,000 acres of Fort Ord at a location that the Army has had difficulty clearing because of native grasses. So the fire took care of it for you. Could you please describe for me the efforts taken by the Army last year at Fort Ord, and explain the funding and the time required to complete the remediation actions there?

Mr. PROSCH. Yes, ma'am.

At Fort Ord, the Army had scheduled a 500-acre programmed burn to try to take out some of the chaparral, native species, endangered plant there. And it got out of control, but was contained on post, and 1,470 acres were, in fact, burned. We have been able to surface-clear all of that 1,470 acres. The unexploded ordnance is the biggest challenge that we have with the range there at Fort Ord. To date, the Army has spent \$344.4 million at Fort Ord. So we are steadily making progress. Last year, we spent \$26.9 million in order to try to continue to make steady progress at Fort Ord. We have cleared, so far, a total of 27,000 acres at Fort Ord. We have, remaining, 14,000.

The biggest challenge is the impact area there, the 7,000 acres, in a range where the Army has been firing ordnance since 1917. The \$4.8 million allocated for fiscal year 2006, we believe, is a balanced approach to try to deal with land that we're prepared to turn over. Should we have an opportunity to have a more rapid turnover, we could put some more money into that.

I would like to compliment Congressman Farr and the stakeholders there in the Monterey area. They have established a Strategic Management Assessment Requirements Technology Team, called a SMART Team. And we have very, very good cooperation with the stakeholders, the local people, the environmental community there. And we will continue to try to press on with this, as best we can.

Anything you'd like to add, Geoff?

General MILLER. I think one other thing, Senator, if we can add onto—is the SMART Team that's come on. We're using a new technology, which is an aerial survey technology using ground-penetrating radar to locate the ordnance in the old impact area so we can more rapidly make the decision. We think this is going to speed our ability to get at this last 14,000 acres, and then move back to public use of that land as quickly as possible.

Senator FEINSTEIN. So you have adequate funding to do what you need to do.

General MILLER. Yes, ma'am.

Senator FEINSTEIN. So if I watch, I'll be very pleased by what I see?

General MILLER. We believe that after we do this next survey, that we can more rapidly get in, and there may be an opportunity to invest in some—in the success that that will have.

Senator FEINSTEIN. Okay.

WEAPONS OF MASS DESTRUCTION CIVIL SUPPORT TEAMS FUNDING

General Pudlowski, this committee has added funding each of the past 3 years to implement the construction program of the Army Guard's Weapons of Mass Destruction CST program. How many facilities remain to be completed? And how much funding will be necessary?

General PUDLOWSKI. Thank you, ma'am.

First, let me thank you and the rest of the leadership, and tell you that the Guard soldiers are performing extremely well today in the Gulf and in other places throughout the world. And particularly from California, the number of soldiers that have come out of the 40th Division have been tremendous in assisting other commands in their preparations and efforts—

Senator FEINSTEIN. This committee anticipates that Guard soldiers from California and Texas are the best in America.

General PUDLOWSKI. Ma'am, I will tell you that they are doing extremely well—

Senator HUTCHISON. And if you don't mention Texas pretty fast, you're going to be in big trouble.

General PUDLOWSKI. I will tell you that the 56th Brigade and the 36th Infantry Division is doing just as well in the environment today. Those comments are coming back daily. And the 36th Division's got other missions ahead for their future, as well. And, sir, that's not to take away from what Colorado has done and how they've contributed.

Ma'am, to your question, the Civil Support teams are an important piece of what we have in the inventory of the National Guard, and how they've been employed. We have 23 additional units that still have to be organized. We're in the process of organizing it from a facility perspective. We would need the facilities for those 23. Total cost is approximately \$40 million. And if that resource was made available—

Senator FEINSTEIN. Okay. So this is how many out of how many?

General PUDLOWSKI. This is 23 out of 55.

Senator FEINSTEIN. Thank you. And so, you anticipate that it'll be completed when? All 55.

General PUDLOWSKI. At the current rate, it would take us the next 5 years of the FYDP to accomplish that. But for a cost of \$40 million—each one is approximately two-point-some-approximately \$2 million apiece—we would be able to complete that whole operation.

Senator FEINSTEIN. Thank you.

RESERVES TRAINING—CALIFORNIA

Mr. PROSCH. Ma'am, may I just make one comment about a great contribution that Fort Hunter Liggett and Camp Roberts in California provide to all the Reserves in the western part of the United

States. Without Fort Hunter Liggett, we wouldn't have a significant maneuver area for them to utilize, because the National Training Center is very busy with the active force. Camp Pendleton has encroachment challenges and they're busy, and Fort Lewis is very busy. So it's very important for our Reserve forces. And Hunter Liggett allows not only the combat brigades, but also the combat-service support and the logistical units to train there. So they have tremendous capability, and they also have good support with the local communities. So we thank you.

Senator FEINSTEIN. So it's reasonable to believe, Mr. Secretary, that the Army is going to retain Hunter Liggett.

Mr. PROSCH. The Army is evaluating all installations fairly and squarely. You'll be very proud of the process, when the list comes out on May 17, based on military criteria.

Senator FEINSTEIN. Thank you.

GLOBAL RESTATIONING FUNDING

Senator HUTCHISON. Mr. Prosch, the Army is the service most affected by the Integrated Global Presence and Basing Strategy, and we're looking at 60,000 to 70,000 troops coming home. That has been announced. You know, I advocated that initiative, and am very pleased that it is going forward. I don't see very much in this budget request that supports restationing, aside from around \$392 million earmarked in the BRAC account for global restationing.

My question is, first of all, is that \$392 million in the BRAC account for the global restationing for the Army? That's my first question on this subject.

SUPPLEMENTAL FUNDING

Mr. PROSCH. We are going to be relying heavily on the supplemental to assist us with the standup of our ten new brigades and with the restationing of units that come from overseas. We are using BRAC as a strategic lever to determine the right location to put all these places.

Senator HUTCHISON. Are you—you're saying "supplemental"—are you looking at a future supplemental, after BRAC, in which you would start the process of preparing bases that are going to take these people, or are you talking about a great big MILCON commitment in the next year's budget for that purpose?

Mr. PROSCH. When you look at the supplemental right now, you see that we've got money earmarked to support modularity—I have some handouts here that your people could perhaps show to you—that we're using to provide facilities at the temporary locations where we put our ten new brigades. On the 17th of March, as part of the BRAC announcement, we will also include the locations of where we're going to move the units that are coming from overseas.

We are going to come to you, after the BRAC is announced, to get your support for the MILCON funding for the long-term answer to these organizations. But we're using the supplemental now in 2005, because we're standing up new brigades, as we speak.

Geoff, do you want to comment?

Senator HUTCHISON. You meant May, sir.

Mr. PROSCH. 16th of May. I'm sorry.

Senator HUTCHISON. Yeah, I was thinking, what's today?

Mr. PROSCH. On the 15th of March, they're going to announce the BRAC commissioners.

Senator HUTCHISON. Yes.

Mr. PROSCH. So the 16th of May is——

Senator HUTCHISON. Is the BRAC day.

And you will be, in that BRAC announcement, making the choices of where the incoming brigades are going.

Mr. PROSCH. Yes, ma'am.

Senator HUTCHISON. So I'd just—the reason I'm pursuing this is that I've gotten some mixed signals about funding for the moves. I just want to make sure that the commitment to the moves is made, it is there, and the money will follow.

Mr. PROSCH. Yes, ma'am.

Senator HUTCHISON. Thank you.

Mr. PROSCH. I would just add that we have announced the units that are going to be returning.

Senator HUTCHISON. Yes. You just haven't announced where they're going.

Mr. PROSCH. The when and the where—the where will be determined by the BRAC analysis.

Senator HUTCHISON. Right.

Mr. PROSCH. And the when—we're going to try to make the right decisions, based on quality of life. We will want to coordinate with the local school districts. We're going to want to make sure that we have adequate housing. But we're going to want to make sure that we've developed brigade-sized facilities for these units when they come back.

Senator HUTCHISON. Yes, I think all of that is absolutely essential and the correct way to approach it. I just have gotten mixed signals about the money being available to make these moves. And as long as you're telling me the commitment is going to be kept, that those troops will be moving home, and that we will have the funding request to do it. That's all I need to know.

Mr. PROSCH. Yes, ma'am.

Senator HUTCHISON. And you have said yes. Correct?

Mr. PROSCH. Yes, ma'am.

OVERHEAD AND COMPARTMENT PROTECTION LOCATIONS

Senator HUTCHISON. In the supplemental that is going to be before us shortly, the Army has requested \$300 million for overhead and compartment protection at various locations, but no specificity. Could you elaborate on where those will be and what you're envisioning the uses for that \$300 million to be?

Mr. PROSCH. Yes, ma'am. Let me start, then I'll turn it to Geoff Miller, who returned from Iraq about 3 months ago.

As part of the supplemental, one of the requests from the combatant commander, General Abizaid, was to try to provide enhanced overhead protection for our soldiers in theater. And so, we, as the executive agent, are trying to support the combatant commander's request. As you recall, there was a dining facility that was attacked recently. There is a distinct threat from mortar and rocket attacks. And so, they would like to provide enhanced protection for the large-density troop-soldier areas. It's a two-level type of facility, to where the top level would absorb the blast, and the

second level would actually stop the fragmentation from hitting the troops.

Senator HUTCHISON. And where—I understand that, and that’s a very good explanation, but as you are expanding, are you looking at doing these all throughout Iraq and also Afghanistan, or are we just looking at Iraq?

General MILLER. Senator, right now they’re focused on Iraq. There are 41 different locations, and, as Mr. Prosch said, they’re in—where troops are concentrated—in living areas, in dining facilities. And kind of the rule of thumb, if there are more than 50 soldiers in an area, we wanted to put overhead cover, because we have a—we were having a fairly significant challenge in mortars. And that’s going down. But these went in. So they will go into the Afghanistan—really, around Baghram Airport—as we build that up.

Senator HUTCHISON. I just want to, on a personal note, say, I was privileged to give four Purple Hearts to those who were in that dining facility, and I was—it was during December—I was most struck by how quickly they got to Brooke Army Medical. I think they got there Christmas Eve, and the attack was maybe the 19th, something very quick. I was very pleased. And, of course, they were great. I met with each of them before I was able to give them their Purple Hearts, and they were great young people. Just amazing.

General MILLER. Senator, if I can, for the record, we’ll come back and give you the 41 locations—

Senator HUTCHISON. Okay.

General MILLER [continuing]. Where we’re going to put—be putting this overhead cover.

Senator HUTCHISON. Thank you.

[The information follows:]

OVERHEAD COVER LOCATIONS—Iraq

The following list identifies the 41 facilities currently scheduled to receive overhead cover. U.S. Central Command is continuing to identify additional facilities that require overhead cover:

[In thousands of dollars]

Location	Facility	Cost
Anaconda	Dining Facility	\$14,590
Anaconda	Post Exchange—East	3,660
Anaconda	Post Exchange—West	3,000
Fallujah	Dining Facility 1	3,200
Fallujah	Dining Facility 2	3,200
Fallujah	Post Exchange	800
Marez	Dining Facility	12,000
Kalsu	Dining Facility	1,450
Freedom	Dining Facility	2,129
Hope	Dining Facility	6,000
Falcon	Dining Facility	7,278
Taji	Dining Facility 1	8,400
Taji	Dining Facility 2	8,400
Diamondback	Dining Facility	8,000
Rustimiyah	Dining Facility	3,090
Brassfield	Dining Facility/Gym	200
McKenzie	Dining Facility	1,920
Caldwell	Dining Facility 1	2,077
Caldwell	Dining Facility 2	2,077
Caldwell	Dining Facility	804
Warrior	Building 4098	5,683

[In thousands of dollars]

Location	Facility	Cost
Warrior	Building 4088	1,151
Warrior	Building 4096	172
Prosperity	Dining Facility	2,000
Victory	Dining Facility	6,626
Victory South	MWR Dining Facility	19,700
Victory South	Cafe Dining Facility	15,400
Liberty	Dining Facility DeFleury	6,750
Liberty	Dining Facility Black	6,750
Liberty	Dining Facility Pegasus	3,129
Gaines Mills	Dining Facility	160
Speicher	Dining Facility	3,710
Speicher	Dining Facility Victory	3,710
Danger	Dining Facility	2,000
Cobra	Dining Facility I	408
Summerall	Post Exchange	50
Summerall	Dining Facility	124
Hurricane Point	Dining Facility	846
Hurricane Point	Post Exchange	48
Taqquadum	Dining Facility 1	13,617
Taqquadum	Dining Facility 2	1,808
Various Sites	Miscellaneous	113,833
TOTAL	300,000

Senator HUTCHISON. My last question, and then I'll see if Senator Feinstein has any others for this panel.

JOINT BASING—ELLINGTON FIELD

Mr. Prosch, as you know I am supportive of the service's move toward joint basing, specifically Ellington Field. You are very familiar with what we're doing there, and have been terrifically supportive. And I just wanted to ask you what the status is, from your standpoint, of the move of the Army over to Ellington Field from its present location, the Reserve unit in Houston, and see if you think that everything is going to go well there, and what you determine the status to be.

Mr. PROSCH. Ma'am, I'm very pleased to announce that Ellington Field is on schedule.

Senator HUTCHISON. Great.

Mr. PROSCH. And I would like to thank the Members of Congress for giving us a really good tool, which is called the Real Property Exchange. And we have been able to use that in a lot of places around the country where you have old armories in an urban, central part of town, where the land is very valuable, but the facilities are antiquated, and then trade that land and build a modern joint facility out in the suburbs. And that's exactly what we're doing at Ellington Field. We're taking some valuable land, we've got a partnership with the University of Texas Medical Association, and we're going to get a fair market value and plow that into a joint facility, with both the Army, Navy, Marine, and Air Guard at Ellington Field, which is a very strategic location, critical for the defense of the petrochemical industry.

And the land surveys are on track. We anticipate that the environmental studies will be completed in June of this year. We plan to complete all of the actual construction plans this summer. We anticipate to do an award in 2006, and actually break ground in

2006. We hope to have a memorandum of agreement signed with the Army and the University of Texas in August, and we'll send you an invitation to that signing ceremony.

Senator HUTCHISON. Thank you very much. I'm very pleased that it is going on track. I think what you're doing there and in other places is so right. It's right for the community, and it's right for our Services to be in better locations. And particularly this one, with the unique security risk of those chemical complexes, I think it is just essential to have the Air Force, Army, and Navy and Marine components there. It will very helpful. Along with the Coast Guard.

Mr. PROSCH. I might ask my colleagues from the Reserves to comment.

Senator HUTCHISON. General Pudlowski?

JOINT FACILITIES

General PUDLOWSKI. Ma'am, if I may, we, too, have seen, in the Guard, the opportunities that are presented by joint facilities. Last year when we came here, we had approximately 140 facilities that we had occupied in a joint fashion. By the end of the year, that had jumped up to 170 locations, and we've got 26 more projects that are scheduled in the FYDP.

I'll just give you a couple of examples of that. In Austin, Texas, we have two facilities, one of which will be a maintenance facility, that'll be a joint maintenance facility shared with the Army Reserve. And we have an Armed Forces Reserve Center that'll be shared with the Army Reserve, the National Guard, the Marine Corps Reserve, and the Naval Reserve, which gives us a greater approach and a greater appeal as to how we're going to do that. In California, we have the Los Alamitos facility that's going to be shared, not only with the Army Reserve, but also with the active Army. We continually look for those opportunities.

We're also seeing some others occur—for example, in West Virginia, where we have a training site—that we would look at the potential of that to be shared as a joint COOP site, with perhaps even the Department of Energy.

So there are opportunities here, and each time we find this opportunity, we seek it because it, in effect, conserves some of the State cost for that additional 25 percent when we make it a full Federal project.

Thank you.

Senator HUTCHISON. Thank you very much. I'm so pleased that you're doing that throughout the country. I just think it's the right thing.

General PROFIT. Ma'am, I would only add to what Mr. Prosch said about Ellington Field, that we're proud to be leading that effort in the Army Reserve, and I think your leadership in this particular effort has been pivotal, and I appreciate it.

Thank you very much.

Senator HUTCHISON. Thank you very much.

That's all I have for this panel.

Senator Feinstein.

MILCON PROJECTS IN SUPPLEMENTAL

Senator FEINSTEIN. I'm still into the 16½ percent. As I understand it, you took \$138 million in MILCON projects and put them into the supplemental. And they include \$100 million in these areas: the child development center for Fort Carson—I don't know why that's an emergency, if, in fact, it is in the supplemental; a barracks complex at Fort Lewis for \$15½ million; a barracks at Fort Leonard Wood for \$14.8 million; and then you have the whole—I guess, the modularity thing worldwide, at \$100 million. Is that all correct, what I've just read?

Mr. PROSCH. I'm going to ask Geoff Miller to talk to specifics, and then let me try another try at why our MILCON request is down 16 percent.

General MILLER. Senator, the——

Senator FEINSTEIN. I think I probably misspoke. And I still don't understand it. But you have put an amount for modularity into the supplemental, right?

Mr. PROSCH. Yes, ma'am.

Senator FEINSTEIN. How much is that? Is that \$100 million?

Mr. PROSCH. Geoff?

Senator FEINSTEIN. What is it? It's \$180 million? All for modularity, in the supplemental?

General MILLER. Ma'am, we have a total of \$559 million in the supplemental that is supporting modularity and movement through there. And it is a combination of OPA funds to buy modular facilities, interim facilities, in MILCON to do the preparatory work to allow these modular facilities that are barracks and headquarters.

So this is startup money, as Senator Hutchison pointed out, because we will come back in the future and ask for MILCON as we make the permanent stationing choices then to be able to transition these troops that are coming back from overseas and in the modularity piece, so we can have permanent facilities there.

Senator FEINSTEIN. Well, just so—I don't know whether this qualifies as an emergency, but, clearly, it's certainly a way of doing it. I mean, what you did is, you took a part of out of this budget and simply put it in the emergency supplemental, if I understand it.

MODULAR FACILITIES

Mr. PROSCH. Well, if I could just comment, we are growing 10 new brigades to try to stretch out the OPTEMPO period that our soldiers have so they don't have to go back to Iraq every other year. As we stand up these ten new brigade formations—we recruited soldiers at Fort Lewis, at Fort Bliss, at Fort Hood—and so, these soldiers, in order to not to have to put them inside gymnasiums and tents, we're going to use these modular facilities. So, in a way, this is really helping us fight the war on terror, by stretching out the OPTEMPO, and we believe this is the right thing to do. And with this supplemental, we can do this in 2005, immediately, versus several years in the MILCON piece.

Senator FEINSTEIN. Well, is this going to continue to happen as more people come home, that the modulars are going to be in emergency supplementals and not part of the regular budget process?

Mr. PROSCH. I believe that, after we get these 10 brigades stood up, and this time next year when we're testifying before you, we're going to be able to lock into military construction, because we will have determined the end state for our 43 new active brigades and our 77 total brigades in the Army. And we'll want to do it the old-fashioned way, with MILCON, with permanent facilities.

Senator FEINSTEIN. I appreciate that statement, Mr. Secretary.

Mr. PROSCH. Yes, ma'am.

Senator FEINSTEIN. I'm going to write it in indelible ink, and hopefully hold you to it.

Mr. PROSCH. Yes, ma'am.

Senator FEINSTEIN. Thank you.

Thanks, Madam Chairman.

Senator HUTCHISON. Well, and I think we could even do something before then. If, on May 17, we know where they're going, we could start making preparations, depending on the timetable that you all have for them moving, but—

Mr. PROSCH. Yes, ma'am, that will be helpful. And we will come see you immediately, because it might make sense to do some re-programming within—

Senator HUTCHISON. I think one thing that I gleaned from Senator Feinstein, and I will say I agree with, the fewer modular units and the more permanent construction we can get a head start on, the better off we are.

Senator FEINSTEIN. I really agree with that.

Senator HUTCHISON. I just hate that you're doing it right now, and it's a huge expense that goes away in use. If we see, on May 17, where people are coming back and we can start military construction, even if the moves are a year or two away, and we can have permanent facilities and not waste money on modular units, that would be my preference, for sure. And I think we're seeing that on the committee.

BARRACKS

Mr. PROSCH. I would like to, just for the record, thank you all for the steady progress and support you've made. This is our 13th year of our barracks program, and over one-half of our active Army MILCON budget is going towards barracks. And we are going to be 85 percent complete at the end of 2006 to build out to the One-Plus-One standard. And I'm sure you're familiar with that. We now, as a standard in the Army, we want our soldiers to have a suite, where we have two private sleeping areas with a walk-in closet, and a common kitchenette and bathroom area—I took my son, when he was a college student, to one of these, and he said, "Wow, where do you enlist, Dad?"

Senator HUTCHISON. That's true. I saw those at Fort Bliss, the new ones, and it is very, very nice, and so much better than what we had before. It's great. They love it.

ADDITIONAL COMMITTEE QUESTIONS

Thank you very much. We appreciate not only your accessibility and your work, but also your testimony today.

Thank you.

Mr. PROSCH. Thank you.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

BRAC ENVIRONMENTAL

Question. The Navy has sold portions of its previously BRAC'd property and ploughed that money back into environmental remediation. Has the Army experienced such sales, and, if so, do you have a similar agreement with the DOD Comptroller to use those funds for environmental remediation?

Answer. Yes, the Army has received revenues for BRAC properties and used the proceeds for environmental remediation.

ARMY MODULARITY

Question. Generals Pudlowski and Profit, do the National Guard and Reserves have additional MILCON requirements related to Army Modularity?

Answer. Yes, for the Army National Guard there are additional requirements for transformation to the Army Modular Force. The Army National Guard is currently assessing and validating all the requirements. We will program for these needs once this process is complete.

The Army Reserve does not currently have additional Military Construction requirements related to Army Modular Force transformation. However, as Army Reserve force structure in support of Modular Forces is determined, additional requirements may be identified. The Army Reserve will program for any such requirements as soon as they are known.

GUANTANAMO PRISON

Question. DOD is requesting a total of \$41.8 million, through the Army Supplemental request, for construction of a permanent prison and a new security fence at Guantanamo, Cuba. The justification documents for the Guantanamo construction do not make clear what will be done with the current temporary facilities once the new prison is constructed. Do you intend to remove or demolish these facilities, or are they to be kept in case the prison population exceeds the 220 capacity of the new facility? In other words, is DOD expanding the detention facilities at Guantanamo, or replacing them?

Answer. The funding requested in the fiscal year 2005 Supplemental Request is to construct a 176 cell, long-term maximum-security detention facility for 220 detainees at Guantanamo Bay, Cuba. This facility, known as the Camp 6 Detention Facility, will allow for the closure of temporary Camps 1, 2, and 3. Although these camps would be closed, they would not be destroyed, retaining capability for the Joint Task Force commander to reopen them should the detainee population surge. By "mothballing" these camps and constructing Camp 6, the commander will be able to reduce the total internal guard force by 124 military police.

Question. If the new prison is to be strictly a replacement facility, does that mean the maximum capacity for housing detainees will be 220?

Answer. Camp 6 will have the capacity for 220 maximum security detainees. The existing Camp 5, with a capacity of 100 maximum security detainees, and Camp 4, with a capacity of 200 medium security detainees, will be retained, providing a total capacity of 520.

Question. What is the current capacity at Guantanamo, and what is the current detainee population?

Answer. The current capacity in Guantanamo (GTMO) in Camps 1 through 5 is 1,116. The current detainee population, as of March 16, 2005, exceeds 530. Camps 1, 2 and 3 were designed as temporary medium-security detention facilities requiring robust forces to guard "must retain" maximum-security detainees. As temporary facilities, these camps are nearing the end of their life expectancy. Refurbishment and maintenance costs are becoming prohibitive.

Question. How did DOD arrive at the 220 bed requirement?

Answer. The fiscal year 2005 Supplemental funding request is to build a 176 cell long-term maximum security facility with a capacity for 220 detainees at Guantanamo Bay, Cuba. The facility will include 132 single cells and 44 double cells. In September 2004, the detainee population exceeded 580 detainees. One assumption was that 250 of those detainees would be classified as "retain in DOD control". The remaining 336 would be transferred for continued detention or released to their country of origin. The 250 "retain in DOD control" would require long-term deten-

tion due to conviction by military commission, intelligence value, or because they are deemed too dangerous to transfer or release. The “retain in DOD control” number has since been revised upward to 300.

A second assumption was that, as the Global War on Terrorism continues, small numbers of additional detainees will arrive for screening. Since March 2004, 10 additional detainees have arrived in Guantanamo Bay.

The final assumption is that by building a facility with 220 beds, the Joint Task Force could close the temporary detention Camps 1, 2, and 3, reduce the number of personnel needed to guard the detainees. This will also maintain the capability to provide maximum security, long-term detention for up to 320 “retain in DOD control” detainees in Camps 5 and 6, and medium security detention for an additional 200 detainees in Camp 4.

Question. When do you expect the prison population to be reduced to that level?

Answer. Based on detainee movement operations already approved by the Deputy Secretary of Defense, the number of detainees could be reduced to less than 520 by May 1, 2005.

Question. What other MILCON will be required to support the permanent housing of detainees at Guantanamo? For example, what additional facilities will be required for the permanent stationing of the military personnel assigned to this mission?

Answer. We do not plan to seek additional MILCON funding for permanent structures at Guantanamo Bay at this time due to other higher priorities. The fiscal year 2005 Supplemental funding will be used to build the Camp 6 Detention Facility and the Radio Range Security Fence to allow for reduced force manning.

DEPARTMENT OF THE AIR FORCE

STATEMENT OF FRED W. KUHN, DEPUTY ASSISTANT SECRETARY OF
THE AIR FORCE INSTALLATIONS

ACCOMPANIED BY MAJOR GENERAL L. DEAN FOX, FOR AIR FORCE
CIVIL ENGINEER, DEPUTY CHIEF OF STAFF FOR INSTALLATIONS
AND LOGISTICS

Senator HUTCHISON. And now we will turn to our second panel. That would be Mr. Fred Kuhn, the Acting Assistant Secretary of the Air Force for Installations, Logistics, and Environment; Major General Dean Fox, the Air Force Civil Engineer and Deputy Chief of Staff of the Air Force for Installations and Logistics.

Mr. KUHN. Madam Chairman, Senator Feinstein, distinguished members of the committee, good afternoon.

This year's Air Force MILCON budget is the largest in 14 years, with increases across the spectrum of Air Force operations throughout our Total Force. Our fiscal year 2006 military family housing submission is the largest in Air Force history. It keeps us on target to meet our goal of funding, to eliminate CONUS inadequate housing in 2007, and overseas inadequate in 2009. The Air Force remains committed to funding restoration and modernization to meet the OSD goal of a 67-year recapitalization rate by fiscal year 2008 and beyond. The Air Force is meeting OSD's facilities sustainment goal by funding \$2 billion this year, and will continue to fund sustainment in accordance with that DOD facility sustainment model.

I sincerely thank the committee and the Congress for its efforts to lift the cap on housing privatization, because the Air Force would not have otherwise been able to meet our goal of funding the elimination of inadequate housing for Airmen and their families by 2007. We thank you for providing the privatization tools that allowed us to leverage 173 million taxpayer dollars into nearly \$1.6 billion invested in 13 of our bases and in their local communities. This leverage of nine privatized dollars for every taxpayer dollar invested allows us to fix 11,000 homes now, and another 34,500 homes over the next 2 years, rather than burdening the Federal budget with an additional \$5.6 billion in MILCON funds.

The success of our privatization program would not be possible without the authority you provided in Title 10, United States Code, Section 2883, which allows the Secretary of Defense to transfer military construction appropriations into the family housing improvement fund in order to fund these forward costs of our privatization projects. For example, Congress appropriated \$15 million for Hickam Air Force Base, Hawaii, in fiscal year 2002 MILCON to renovate 102 units, but we were successful in awarding a privatization project with a portion of those MILCON funds to fix 1,356 Hickam Air Force Base homes for Airmen and their families. That project had a project development value of \$298 million invested in

the local economy at a leverage of 71-to-1. We were able to use the remaining MILCON dollars to award other privatization projects, like Wright-Patterson Air Force Base, Ohio, where we are providing 1,536 homes, totaling \$109 million in development.

Similarly, at Beale Air Force Base, in California, we are privatizing 1,344 homes and gaining \$151 million in development with a government investment of \$6.7 million, a 22-to-1 leverage. This project was in jeopardy following the fiscal year 2005 congressional rescission however, using the Section 2883 authority, we redirected funds from appropriations for Eglin Air Force Base, Florida, and Travis Air Force Base, California, to cover the Government's fund appeal.

When using the Section 2883 authority, we always make the appropriate notifications to Congress. And I want to emphasize that we always fix housing only at locations directed by Congress. To that end, we will privatize 2,155 homes at Eglin Air Force Base and its neighbor, Hurlburt Field, and 1,179 homes at Travis Air Force Base, California, using the funds originally appropriated for replacement projects at those bases.

The final example I would like to provide is Randolph Air Force Base, in Texas, where Congress appropriated funds for three MILCON projects in fiscal years 2003 through 2005. These three projects would have eliminated 406 inadequate homes at Randolph Air Force Base, in Texas. However, by delaying these projects and privatizing Randolph in a group with six other bases, we will now be able to fix the required inventory of 3,898 homes, while injecting \$415 million into the local communities of these seven installations.

PREPARED STATEMENT

These examples are typical of how the Air Force has maximized the use of MILCON funds and transfer authority of Title 10 to accelerate our program and eliminate inadequate housing. As our program continues to execute and we look for additional opportunities to privatize, we will absolutely keep the Congress informed of every change we make in this area.

On behalf of all of our Air Force men and women and their families, I thank you.

[The statement follows:]

PREPARED JOINT STATEMENT OF FRED W. KUHN AND MAJOR GENERAL L. DEAN FOX

Madam Chairman, Senator Feinstein, and distinguished members of the committee, the strength and flexibility of airpower and our joint warfighting success in operations around the world is made possible by three interdependent factors; outstanding Airmen, superior weapons platforms, and an agile support infrastructure. The Air Force fiscal year 2006 military construction (MILCON) submission is our commitment to these three factors. It provides our Airmen and their families the proper facilities to work and live, which in turn will enable them to better execute our air and space missions. This year's Air Force MILCON budget request is the largest in 14 years, over \$4.7 billion, with increases across the spectrum of air and space operations and throughout our Total Force. Our fiscal year 2006 Military Family Housing (MFH) submission will keep us on target to eliminate inadequate housing. The Air Force is committed to funding facility restoration and modernization at a 67-year recapitalization rate by fiscal year 2008, and funding facility sustainment consistent with OSD's Facility Sustainment Model (FSM). Sound investment in our installations allows us to take care of our people and their families through quality of life and work place improvements.

INTRODUCTION

Air Force facilities, housing, and environmental programs are key components of our support infrastructure. At home, our installations provide a stable training environment and a place to equip and reconstitute our force. Both our stateside and overseas bases provide force projection platforms to support combatant commanders. Because of this, the Air Force has developed an investment strategy focused on sustaining and recapitalizing existing infrastructure, investing in quality of life improvements, accommodating new missions, continuing strong environmental leadership, optimizing use of public and private resources, and eliminating excess and obsolete infrastructure wherever we can. Our total force military construction, family housing, and sustainment, restoration, and modernization programs are vital to supporting operational requirements and maintaining a reasonable quality of life for our men and women in uniform and their families.

The Air Force fiscal year 2006 President's Budget (PB) request of just over \$1.3 billion for Total Force military construction reflects our highest construction priorities. It balances the restoration and modernization of current mission facilities, quality of life improvements, new mission requirements, future project designs, and limited funding for emergency requirements. This request includes \$1.07 billion for active military construction, \$165 million for the Air National Guard, and more than \$79 million for the Air Force Reserve.

The Air Force fiscal year 2006 PB request of \$1.2 billion for the Military Family Housing investment program balances new construction, improvements, and planning and design work. It will also advance our Housing Privatization program. But, while we continue to strive to eliminate inadequate housing, we cannot allow more housing to fall into disrepair. We need your support to keep our housing operations and maintenance submission intact.

In fiscal year 2006, we will bolster our operations and maintenance (O&M) investment in our facilities infrastructure. This investment has two components: Sustainment (S) and Restoration and Modernization (R&M), which we refer to together as our SRM program. Sustainment funds are necessary in order to keep "good facilities good." R&M funding is used to fix critical facility deficiencies and improve readiness. In this request we have dedicated \$2 billion to Total Force sustainment. That is 95 percent of the requirement from OSD's Facilities Sustainment Model. However, in fiscal year 2006 the Air Force's Total Force R&M funds is restricted to \$173 million. This means we must defer some R&M requirements, which has a cumulative effect on Air Force facilities and infrastructure that we must reverse. In the out years we intend to invest more heavily in critical infrastructure maintenance and repair through our O&M program in order to achieve the Air Force goal of a facility recapitalization rate of 67 years by 2008.

Overseas Military Construction

The quality of installations overseas remains a priority. Even though the majority of our Airmen are assigned in the United States, 20 percent of the force is assigned to extended tours overseas, including 29,000 Air Force families. Overseas base infrastructure is old and progressively deteriorating, requiring increased investment to replace and maintain. Host nation funding helps, but it is not enough. We also must provide supplemental funding to support time-critical infrastructure necessary for the Global War on Terror. The fiscal year 2006 request for overseas construction includes \$193 million for 18 separate infrastructure and quality of life projects in the United Kingdom, Germany, the Azores, Italy, Turkey, Guam, and Korea. All projects are in places designated as enduring locations by regional commanders, as described in the Global Basing Strategy.

In addition, we want to thank you for the essential overseas fiscal year 2004 MILCON funding you approved in the Emergency Supplemental Appropriations Act (H.R. 3289). The supplemental provided essential construction projects in Southwest Asia and at critical en-route airlift locations directly supporting ongoing operations in that region.

Planning and Design/Unspecified Minor Construction

This year's Air Force MILCON request includes almost \$96 million for planning and design (P&D), including \$40.4 million for military family housing. The request includes \$79 million for active duty, \$12.9 million for the Air National Guard, and \$3.8 million for the Air Force Reserve. These funds will allow us to complete the design work for fiscal year 2006 construction programs and to start the designs for fiscal year 2007 projects, allowing us to award contracts that year. However, P&D funds for Congressional inserts and directed designs are not funded in the President's Budget request. They are accomplished at the expense of other Air Force de-

signs. We would greatly appreciate your assistance ensuring adequate P&D funding for any Congressional inserts.

This year's request also includes \$24 million for the Total Force unspecified minor construction (UMC) program, our primary means for funding small, unforeseen projects that cannot wait for the normal military construction process. Because these projects emerge over the year, it is not possible to predict the total funding requirements. When UMC requirements exceed our funding request, we augment them by reprogramming available MILCON construction funds.

SUSTAIN, RESTORE, AND MODERNIZE OUR INFRASTRUCTURE

The Air Force remains focused on sustaining, restoring, and modernizing our infrastructure. In 2006, we have increased sustainment funding to keep our "good facilities good" and targeted limited Restoration and Modernization (R&M) funding to fix critical facility deficiencies and improve readiness.

Our sustainment program is aimed at maximizing the life of our infrastructure by keeping our facilities in good condition. Without proper sustainment, our infrastructure wears out more rapidly. In addition, commanders in the field use O&M accounts to address facility requirements that impact their near-term readiness.

When facilities require restoration or modernization, we use a balanced program of O&M and military construction funding to make them "mission ready." Unfortunately, restoration and modernization requirements in past years exceed available O&M funding, causing us to defer much-needed work. The restoration and modernization backlog is projected to grow to nearly \$9.8 billion in 2006. It is important for us to steadily increase the investment in restoration and modernization in order to halt the growth of this backlog, while fully funding sustainment to maximize the life of our good infrastructure.

The Air Force Total Force sustainment funding in fiscal year 2006 is \$2.0 billion, 95 percent of the amount called for by the Facility Sustainment Model (FSM) and consistent with established OSD goals. The fiscal year 2006 Total Force R&M funding is \$173 million. This budget carefully balances sustainment, restoration, modernization, and military construction programs to make the most effective use of available funding in support of the Air Force mission.

CONTINUE DEMOLITION OF EXCESS, OBSOLETE FACILITIES

In addition to modernizing and restoring worn out facilities, we also demolish excess and obsolete facilities. This ensures funds are spent on facilities we need, not on sustaining ones we do not. For the past seven years, the Air Force has aggressively demolished or disposed of facilities that are unneeded or no longer economically viable. From fiscal year 1998 through fiscal year 2004, we demolished 18.5 million square feet of non-housing building space. This is equivalent to demolishing more than three average size Air Force installations and has allowed us to target our infrastructure funding to maintain more useful facilities. While this demolition cost us \$221 million in O&M funding in the short term, it saves us money in the long term. For fiscal year 2005 and beyond, the Air Force will continue to identify opportunities to eliminate unnecessary facilities.

INVEST IN QUALITY OF LIFE IMPROVEMENTS

The Air Force sees a direct link between readiness and quality of life. When Airmen deploy, time spent worrying whether their families are safe and secure is time not spent focusing on the mission. Quality of life initiatives are critical to our overall combat readiness and to recruiting and retaining our country's best and brightest. Family housing, dormitories, and other quality of life initiatives reflect our commitment to our Airmen.

Family Housing

The Air Force Family Housing Master Plan details our Housing military construction, O&M, and privatization efforts. It is designed to ensure safe, affordable, and adequate housing for our members. To implement the plan, our fiscal year 2006 budget request for the family housing investment program is more than \$400 million over the fiscal year 2005 budget. Consistent with Department of Defense Strategic Planning Guidance, the Air Force intends to eliminate inadequate family housing units in the United States by 2007, accelerate funding at four northern tier bases one year earlier than originally planned, and eliminate inadequate overseas family housing units by 2009. We thank you for your assistance in helping keep us on the path to meet these goals.

For fiscal year 2006, the \$1.2 billion requested for our housing investment program will provide over 2,900 new homes at 17 bases, improve more than 2,000

homes at 16 bases, and support privatization of more than 2,200 homes at three bases. An additional \$767 million will be used to pay for maintenance, operations, utilities and leases to support the family housing program.

Dormitories

We are just as committed to providing adequate housing for our unaccompanied junior enlisted personnel. We are making great progress in our Dormitory Master Plan, a three-phased dormitory investment strategy. Phase I, eliminating central latrine dormitories, is complete and we are now concentrating on the final two phases of the investment strategy. In Phase II we are building new dormitories to eliminate our room shortage. In Phase III, we will replace existing dormitories at the end of their useful life with a standard Air Force-designed private room to improve our young Airmen's quality of life.

The total Air Force requires 60,200 dormitory rooms. It will cost approximately \$711 million to fully execute the Air Force Dormitory Master Plan. That will replace all inadequate permanent party dormitory rooms by fiscal year 2007 and all inadequate technical training dormitories by fiscal year 2009. This fiscal year 2006 budget request moves us much closer toward these goals, requesting \$184 million for eight dormitory projects—creating 1,648 new rooms for unaccompanied personnel at both stateside and overseas bases. With this request, we will reach 47 percent of our final permanent party goal and 19 percent of our technical training goal.

Fitness Centers/Family Support Centers

Along with housing, fitness centers are a critical component of the Air Force's quality of life. Our expeditionary nature requires that Airmen deploy to all regions of the world, and into extreme environments. They must be physically prepared to deal with these challenges. Our Airmen must be "fit to fight." Under our new fitness program, Airmen are devoting more time and energy to physical fitness. As a result, fitness center use has increased dramatically. The Air Force Fitness Center Master Plan prioritizes requirements based on need, facility condition, MAJCOM input, Operations Tempo, and a location's remoteness or isolation. The fiscal year 2006 military construction program includes two fitness centers: Charleston Air Force Base (AFB), SC and Vandenberg AFB, CA.

Family Support Centers are also critical to the quality of life of our Airmen and their families. They provide needed support services and ensure a strong sense of community on our bases. This is especially important in overseas locations where our Airmen and their families are separated from cultural and community support networks they are accustomed to in the United States. For them, our Air Force family becomes their primary support structure, especially when a spouse is deployed. The fiscal year 2006 submission includes a new Family Support Center at Aviano Air Base, Italy.

ACCOMMODATE NEW MISSIONS

Our Airmen are the best in the world, but superior weapons have also played a key role in recent joint warfighting successes in the Global War on Terrorism. Advanced weapon systems enable our combatant commanders to respond quickly in support of national security objectives. The fiscal year 2006 Total Force new mission military construction program consists of 40 projects, totaling more than \$402 million, and supports core modernization, beddown of new missions, and expansion of existing missions. These include Global Hawks at Beale AFB, California; Predator force structure changes at Indian Springs Air Force Auxiliary Field, Nevada; Combat Search and Rescue aircraft beddown at Davis-Monthan AFB, Arizona and a HC-130P simulator facility at Kirtland AFB, New Mexico; a Distributed Common Ground Station at Hickam AFB, Hawaii; and small diameter bomb facilities at RAF Lakenheath, United Kingdom. In particular, two new systems, the F/A-22 Raptor and the C-17 Globemaster III, require extensive construction support.

The F/A-22 Raptor is the Air Force's next generation air superiority fighter, but it is equally capable attacking ground targets or gathering intelligence data. Langley AFB, Virginia, will be home for the first operational F/A-22 squadrons. Flight training, weapons training, and aircraft battle damage repair training will be conducted at Tyndall AFB, Florida, Nellis AFB, Nevada, and Hill AFB, Utah. Our fiscal year 2006 military construction request includes one F/A-22 project at Langley AFB, one project at Tyndall AFB, two projects at Nellis AFB, and one project at Hill AFB for a total of \$47.5 million. These projects support the F/A-22 initial beddown and training and will not be affected by the final aircraft purchase number.

The C-17 Globemaster III is replacing our fleet of C-141 Starlifters. C-17s will be based at Elmendorf AFB, Alaska; Travis AFB and March Air Reserve Base (ARB) in California; Dover AFB, Delaware; Hickam AFB, Hawaii; Jackson Air National

Guard Base, Mississippi; McGuire AFB, New Jersey; Altus AFB, Oklahoma; Charleston AFB, South Carolina; and McChord AFB, Washington. Thanks to your support, the construction funding requirements for Charleston and McChord are complete. The request for fiscal year 2006 includes two projects for \$6 million at Dover AFB, three facility projects for \$12.6 million at Travis AFB, and two facility projects for \$54.8 million at Elmendorf AFB.

OPTIMIZE USE OF PUBLIC AND PRIVATE RESOURCES

Housing Privatization

We would also like to thank you for eliminating the cap on the Department of Defense Family Housing Improvement Fund. Our Airmen and their families appreciate your staunch commitment to their quality of life. To date, we have awarded thirteen privatization projects providing 10,977 privatized homes for our Air Force families. The Air Force has leveraged an investment of \$173 million with private sector funding to yield \$1.6 billion in total development.

Last year, we completed three privatization projects (Elmendorf AFB, Alaska; Robins AFB, Georgia; and Dyess AFB, Texas) and have three more under construction (Wright-Patterson AFB, Ohio; Patrick AFB, Florida; and Kirtland AFB, New Mexico). We recently awarded five new privatization projects at Moody AFB, Georgia; Little Rock AFB, Arkansas; Buckley AFB, Colorado; Hanscom AFB, Massachusetts; Hickam AFB, Hawaii; and awarded the second phase of the project at Elmendorf AFB. Two years ago we set a goal to privatize 60 percent of U.S.-based family housing by 2007. With this budget we are on track to beat that goal by an additional 12 percent. The fiscal year 2006 request includes \$65 million to start privatizing more than 2,200 units at three more bases: Peterson AFB and the U.S. Air Force Academy in Colorado; and F.E. Warren AFB, Wyoming.

Utility Privatization

In addition to privatizing housing, the Air Force is interested in privatizing utilities where it makes economic sense and does not adversely affect readiness, security, or mission accomplishment. Our installations are key to our operational capabilities. Our network of bases provides necessary infrastructure for deploying, employing, and sustaining air and space operations and re-deploying and reconstituting the force afterwards. Our bases are also the training platforms from which skilled Airmen learn their trades and prepare for deployment. Reliable utility services are essential to operations at every Air Force base.

To date, under OSD's utilities privatization program, the Air Force has conveyed 10 systems, with a plant replacement value in excess of \$230 million. By the time the program is complete, we anticipate as many as 100 of about 500 systems could be privatized. We are on track to meet 95 percent of OSD's milestone: completing Source Selection Decisions by September 30, 2005. During the course of this process, we expect that many competitive solicitations will end up as sole source procurements from local utility companies.

CONCLUSION

The readiness of our fighting force, now and in the future, depends upon our infrastructure. We will continue to enhance our installations' capabilities and our Airmen's quality of life and ensure Air Force infrastructure remains ready to support our global operations.

HOUSING PRIVATIZATION

Senator HUTCHISON. Thank you very much, Mr. Secretary.

I think the Air Force has come to privatization a little later than some of the other Services, and with some of the MILCON money, there has been a determination, after MILCON has been appropriated, that privatization would be the better route. My question is, How are you going to work with the committee in the future to come to us with a change, if you're not going to use MILCON money where you told Congress you would? Where would this money go if there is a reprogramming request? If you're going to go to privatization, we need to have some sort of notification. How would you propose to handle that?

Mr. KUHN. I think there are many ways that we have done this and we will continue to do this. One of the ways is, the gentleman to my right and the individuals in his office have come over to the Congress to talk about every housing privatization project in the Air Force, where the MILCON started for the projects, and how they interrelated.

I also see that there are three points in which we also come to you under congressional notification. One is in the concept approval of the housing privatization program, in which we not only do a notification, but we offer to come over to talk to your staff about these issues. And we come back a second time, before award, to talk to you about the project itself, the dollars that were leveraged, any details that you would like. And then there's the third notification when the money actually gets transferred into the family housing improvement fund.

But I think my commitment to you, and General Fox's commitment to you, is that we can, and have, offered to come over to talk to this issue on a systematic, periodic basis with your staffs, and they have been incredibly responsive to us in that, and it's been a very helpful dialogue.

Senator HUTCHISON. Good. Thank you.

Mr. KUHN. Yes, ma'am.

Senator HUTCHISON. Bolling Air Force Base was going to be traditional construction but now it is going into privatization.

Mr. KUHN. Yes, ma'am, into a group.

Senator HUTCHISON. Yes. My question is, you're going to privatization for Bolling, and are you going to preserve the historic houses? How are you going to handle those historic homes?

General FOX. Madam Chairman, we are looking at Bolling Air Force Base as a privatization candidate. And when we initially looked at Bolling and ruled it out the first time that we looked, it was because it was too good a deal for a developer, if you would. The basic allowance for housing was too high to make it feasible for the government to press ahead. So the only way that we look at it and say that it's a smart move for the government is to group it with some other bases that might not be quite as good a deal. So, in essence, it becomes the way to carry some other bases that are not as good a leverage.

As Mr. Kuhn mentioned, the great thing about privatization is the up-front capability that it gives us. We are now seeing nine-to-one leverage across our entire housing privatization program, which means, for every dollar that the Government puts forward up front, we're leveraging nine in private development. So that's what makes the program successful for us.

At Bolling Air Force Base, we're looking at potentially grouping with five other bases. And so, as we look at those bases and what we press ahead with in privatization, certainly we will have the developer give us proposals that will include preserving the historic units. I believe that the developer who would then own those units will probably have other proposals, as well. But, at this point, I don't think that we're able to tell you what a proposer would give us, in terms of the different propositions that they might make to us.

Senator FEINSTEIN. Madam Chairman?

Senator HUTCHISON. Yes?

Senator FEINSTEIN. At 2:30, we have a closed intelligence meeting on the defense intelligence budget.

Senator HUTCHISON. Sure.

Senator FEINSTEIN. And I'd like to be excused. It's the only chance I have—

Senator HUTCHISON. Of course. Do you have a question before you leave? Whatever is your pleasure.

Senator FEINSTEIN. I think—can I ask one question—

Senator HUTCHISON. Sure.

SPANGDAHLEM AIR BASE, GERMANY

Senator FEINSTEIN [continuing]. On Spangdahlem? Because we've gone over this before. There are two project requests for Spangdahlem, the large-vehicle inspection station, at \$5.4 million, and the control tower, at \$7.1 million. The question I wanted to know is, Do we know which air assets will remain at Spangdahlem following the global realignment that would support the infrastructure improvement? And, secondly, why haven't we requested NATO funding for these projects?

And another project that appears to be eligible for NATO funding is a warehouse at Aviano.

General FOX. Senator Feinstein, the purpose for Spangdahlem, for the long term, it is an enduring base. Spangdahlem is one of two bases, coupled with Ramstein Air Base, also in Germany, that replaced the capability that Rhein-Main Air Base has provided us.

Senator FEINSTEIN. General, we went over this. I think it was—was it last year?

Senator HUTCHISON. Yes.

Senator FEINSTEIN [continuing]. Last year, so we're relatively familiar with it. I mean, part of our problem has been that you folks change your mind periodically after we've begun a project. And I guess what I want to see is that there really is going to be the air assets there to support the improvements.

General FOX. Senator Feinstein, there's no change in Spangdahlem, nor Ramstein.

Senator FEINSTEIN. But that still doesn't answer my question, because we've never really, to my knowledge, been really assured that the air assets are going to be there.

General FOX. Both those bases, for the long term, replace the Rhein-Main capability that brings heavy airlift through Central Europe en route to other NATO locations or Southwest Asia.

Senator FEINSTEIN. So what you're telling us is that, on a permanent basis, there will be sufficient air assets at Spangdahlem to justify these permanent improvements.

General FOX. Yes, ma'am. Yes, ma'am. At Spangdahlem and Ramstein, both of those become airlift capabilities, to include wide-body aircraft, C-5 and C-17 aircraft.

Senator FEINSTEIN. Have we asked for NATO funding for any of this?

General FOX. Yes, ma'am.

Senator FEINSTEIN. And is it forthcoming?

General FOX. The vehicle inspection gate is not eligible for NATO funding, but the tower is partially eligible, and we have asked for

NATO recoupment of funds. So when we go forward with that project, we pre finance, and then go back to NATO and ask for recoupment of those funds. But Spangdahlem and Ramstein both are enduring locations.

Senator FEINSTEIN. And they will recoup \$7.1 million?

General FOX. No, ma'am. We—

Senator FEINSTEIN. How much will they give you?

General FOX. I would have to estimate, at this point. I'll answer, for the—

Senator FEINSTEIN. Well, I'd just like—

General FOX [continuing]. For the record.

Senator FEINSTEIN [continuing]. To get you on the record so we know the money comes back and that you don't use it for something else.

NATO PRECAUTIONARY PREFINANCE STATEMENT

General FOX. Senator, the money does not come back to us, and I can't use it for something else. When—in a NATO scenario, we file a—what is known as a precautionary pre finance statement, which tells NATO we intend for them to pay back any and all funds that are eligible under NATO. NATO funds a minimum military essential requirement. So when they look across all NATO member countries, they say—if those NATO member countries have a very-much-smaller control tower requirement—and usually most countries don't build to our standards—they will fund to the minimum standard. And so, we can expect to recoup whatever the minimum standard is that other countries—

Senator FEINSTEIN. Of that—

General FOX [continuing]. Would get.

Senator FEINSTEIN [continuing]. \$7.1 million?

General FOX. Yes, ma'am.

Senator FEINSTEIN. Or in excess of the \$7.1 million?

General FOX. A portion of that \$7.1 million.

Senator FEINSTEIN. I guess I don't understand the word "recoup"—does that mean—

General FOX. Recoupment—

Senator FEINSTEIN [continuing]. They pay you dollars?

General FOX. Recoupment means that NATO applies, then, funds that they will fund against—a project that we pre finance—against the United States share to the NATO Security Investment Program. So then the following year, the United States does not contribute as much as it ordinarily would to NATO.

NATO contributes—NATO's budget, in Security Investment Program, is in the neighborhood of about \$550 to \$600 million per year. The United States share of—

Senator HUTCHISON. The question I think—

General FOX [continuing]. That's about 25 percent.

Senator HUTCHISON. Right. But what she's saying is, okay, we fund it, NATO comes back, say, and gives us \$4 million of the \$7 million in credits to other NATO accounts. So the Air Force has funded the NATO commitment, basically.

General FOX. So—

Senator FEINSTEIN. So it's taken off of—

General FOX. Basically, it buys down—

Senator FEINSTEIN [continuing]. Our NATO commitment.

General FOX [continuing]. It buys down our normal contribution in subsequent years to NATO. It reduces our share.

Senator FEINSTEIN. Is that same thing true for the warehouse at Aviano?

General FOX. It would be. I can't tell you exactly what percentage of the warehouse at Aviano Air Base qualifies for NATO, based on the minimum NATO standard. But it is exactly true, as a normal course of business in Europe, the U.S. Air Forces in Europe files a recoupment request for anything that is or might be eligible for NATO funding. NATO funds, normally, operational requirements only, and then to a common minimum standard across NATO.

Where we've really leveraged NATO funding very well for the United States is when we went to Aviano and did the Aviano bed-down. We convinced them that, since it was a replacement for Croton Air Base that was not built, that they should also fund support facilities, as well. So we leveraged something like \$350 million that NATO paid for the Aviano beddown, for example. So we do claim, for the U.S. Government, everything that NATO makes eligible across member nations.

Senator FEINSTEIN. But it's just deducted from our contributions today——

General FOX. It just means that——

Senator FEINSTEIN [continuing]. So it's just a fungible exchange.

General FOX. Yes, ma'am. We do not get funding back; it just decrements the amount in subsequent years that we the United States would normally contribute.

Senator FEINSTEIN. Thank you both very much. I appreciate that.

Thanks, Madam Chairman.

Senator HUTCHISON. Thank you.

GOODFELLOW AIR FORCE BASE, TEXAS

I just have one more, and this is more of a local nature.

Goodfellow Air Force Base, in San Angelo, Texas, is one of the good examples of true joint training facilities. All of the services are represented there. I wanted to ask you, it seems to me that Goodfellow has a lot of expansion room, and they're doing this intelligence training and language training that is so essential right now. My question is, do you have any plans to expand that mission profile with the same type of intelligence and its cryptology and language training for intelligence services? Are you looking at any expansions of that at this time?

Mr. KUHN. I don't know of any expansions, vis-a-vis the Air Force. I don't know what DOD or, for instance, the joint cross-service groups in the BRAC might be looking at for that. But I've met with the Goodfellow community on many occasions. We've talked about the lands, we've talked about their jointness in that area and in other areas, and they've been in the forefront of this issue for a lot of years.

Senator HUTCHISON. Well, it seems that it has really picked up with our war on terrorism, because, of course, we're recruiting more people who can, not only——

Mr. KUHN. Yes, ma'am.

Senator HUTCHISON [continuing]. Learn to speak Arabic, but to try to decipher signals. And I just——

Mr. KUHN. Yes, ma'am. Where jointness becomes even more important. Yes, ma'am, I agree with you. But just where I sit in the Air Force, I don't know of any plans of the Air Force to do anything for that particular——

ADDITIONAL COMMITTEE QUESTIONS

Senator HUTCHISON. But there is a lot of expansion room there.

Mr. KUHN. Yes, ma'am, there is.

Senator HUTCHISON. Have you been there to see their facilities?

Mr. KUHN. Yes, ma'am. Had a barbeque there. Yes, ma'am.

Senator HUTCHISON. Oh, yes, that's——

Mr. KUHN. Yes, ma'am.

Senator HUTCHISON. Well, the barbeque is at Dyess, in Abilene, also. That's another big one.

Mr. KUHN. Been there, too.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO FRED W. KUHN

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

FAMILY HOUSING

Question. Mr. Kuhn, is the Air Force privatizing family housing at places where authorization and appropriation for the family housing requirements have not been received?

Answer. No. All of the awarded AF housing privatization projects had MILCON projects (for significantly smaller scope or number of units) slated for them, including Patrick AFB, which had funds, authorized and appropriated that were rescinded by Congress. The Air Force uses the authority under Title 10, United States Code Section 2883, to transfer Military Construction appropriations into the Family Housing Improvement Fund in order to fund the scored costs of our privatization projects. During the March 16, 2005 Senate Appropriations MILCON and Veterans Affairs Committee hearing, Mr. Kuhn affirmatively answered Senator Hutchinson's question regarding whether the Air Force would notify the committee in cases where MILCON would be used for privatization projects. As our Military Family Housing program continues to execute and we look for additional privatization opportunities we will continue to keep the committee informed of changes in our program.

BUDGET OVERVIEW

Question. Mr. Kuhn, I understand you hoped to bring forward a \$1.8 billion MILCON request, but it was reduced to \$1.3 billion in the last rounds of the budgeting process. What did not get funded as a result of that cut?

Answer. Many changes occurred from the fiscal year 2005 President's Budget Request Future Year Defense Program (FYDP) to the fiscal year 2006 President's Budget Request. Major Commands and Bases were forced to defer requirements to future years due to competing budget priorities. A list of deferred requirements is attached

JOINT FUNDING/JOINT BASING

Question. Mr. Kuhn, the Defense Department consistently says it will emphasize jointness in the upcoming BRAC round which I think is exactly the right thing to do. The Air Force generally has the best facilities among the Services. How do you intend to embrace jointness and still ensure Air Force facilities are of the quality you believe you need to most effectively execute your mission?

Answer. Thank you for the compliment regarding the existing infrastructure structure within the Air Force. The Air Force fully embraces the concept of jointness through the joint utilization of infrastructure assets. This is not a new concept for

us. This is something we are already doing at the majority of our installations, active, guard and reserve today. We strongly believe the responsibility to maintain the installation at these high standards belongs to the host unit commander. Prior to a new tenant from another service moving onto an Air Force installation, the potential tenant and Air Force personnel conduct a site survey. The host unit commander informs potential tenants of construction compatibility standards, the inter-service support agreement standards, and tenant funding responsibilities. Final approval for inter-service beddown activities is at the Secretariat-level where facility and inter-service support levels are addressed. This high-level review reinforces the expectation to support existing facility and installation services standards. The Installation Capability Council, which is chaired by OSD with members from the Services and their Secretariats have chartered a Joint Basing Group. This group is developing a policy for the Common Delivery of Installations Support. The policy will include standards, metrics and pricing or reimbursement rules for installations support.

QUESTIONS SUBMITTED BY SENATOR WAYNE ALLARD

LOWRY AIR FORCE BASE-HAZARDOUS WASTE

Question. All the developers at Lowry Air Force Base, save one, have had their claims for asbestos remediation rejected by the Air Force. The Colorado Delegation has been patient with the asbestos reimbursement cost process, but the Air Force's response has been most unsatisfactory. What is remarkable is that the Air Force continues to talk up the Lowry Redevelopment as its shining example in the BRAC process, yet this glaring unresolved problem remains. Why has the Air Force refused to acknowledge its responsibility for the asbestos it left at Lowry Air Force Base, including the asbestos found in utility pipes?

Answer. Our approach to asbestos, as well as to other unknown and undisclosed contamination on former Air Force property, is consistent with the law. We accept the full responsibility imposed by Federal law with respect to Air Force contamination that poses an unacceptable risk to human health and the environment. Where—as at Lowry—the condition of the property was disclosed to and accepted by the Lowry Redevelopment Authority (LRA), and where much of the soil there has been relocated from other locations on Lowry or brought onto Lowry at the direction of the developers or the LRA, our obligations have changed. And where—as at Lowry—there has never been a credible, science-based assertion that a situation poses an unacceptable risk to human health and the environment, the obligations of the Federal Government are nonexistent. With respect to your question on asbestos materials in utility pipes, the Air Force does not remove underground utility pipes from base closure property. The LRA and its builders have been aware that the Air Force did not remove the underground utility lines. It is the developer's responsibility to ensure the proper management of such pipes during construction activities.

Question. All the developers at Lowry Air Force Base, save one, have had their claims for asbestos remediation rejected by the Air Force. The Colorado Delegation has been patient with the asbestos reimbursement cost process, but the Air Force's response has been most unsatisfactory. What is remarkable is that the Air Force continues to talk up the Lowry Redevelopment as its shining example in the BRAC process, yet this glaring unresolved problem remains. Why has the Air Force refused to reimburse the developers who used their own money to pay for the Air Force's hazardous waste?

Answer. Please be assured that the decisions to deny claims were made only after careful review of the facts and applicable law, and that the decisions were made with the full support of the U.S. Department of Justice. The privileged nature of the settlement discussions prevents us from discussing any details.

Question. All the developers at Lowry Air Force Base, save one, have had their claims for asbestos remediation rejected by the Air Force. The Colorado Delegation has been patient with the asbestos reimbursement cost process, but the Air Force's response has been most unsatisfactory. What is remarkable is that the Air Force continues to talk up the Lowry Redevelopment as its shining example in the BRAC process, yet this glaring unresolved problem remains. Don't you find it embarrassing that this hasn't been resolved particularly when communities from around the country are meeting at Lowry this Spring to discuss successful redevelopment strategies?

Answer. No. The Air Force has followed Federal and State laws in its response to the discovery of asbestos at Lowry Air Force Base. The developers incurred their costs at the behest of a State agency that directed unprecedented sampling and re-

sponse actions and then, without any basis, informed the developers that the Air Force would pay for it. It is not the Air Force's responsibility to resolve such errors. We believe that Lowry is an excellent example of successful redevelopment and we applaud the LRA for the work it has accomplished to date. We also note that the meeting in question is sponsored by a non-Federal group, the National Association of Installation Developers (NAID). The announcement for the June 4-7, 2005 conference presents the following information: "... Lowry ... has reached market-place success must faster than anticipated, while driving an economic engine that is helping the region recover ..." and "since closing in 1994, and then breaking ground in 1997, Lowry has become one of Denver's hottest neighborhoods. Nearly 3,000 new homes for 6,500 residents now command premium prices ... to date the LRA estimates a \$4 billion economic benefit to the State."

LOWRY AIR FORCE BASE-PRIVATIZATION INITIATIVE

Question. I would also like to point out a good news story from Lowry, and that is the privatization initiative. This plan would allow the Air Force and the Lowry Redevelopment Authority to privatize the remaining environmental issues and to complete the conveyance of all the remaining land at Lowry. This effort would effectively end any Air Force involvement at Lowry, protect them against any future environmental clean-ups, and allow the LRA to privately contract out all of the remediation efforts left at the site. I believe that if this plan had been put in place prior to the discovery of asbestos in the soil at Lowry, the entire issue would have been taken care of in a much less confrontational manner. I hope that as we proceed with another round of BRAC that the DOD will push for these agreements. Will the Department of Defense continue to pursue privatization initiatives with the communities that are affected by the BRAC process?

Answer. Yes, the Air Force will continue to pursue privatization initiatives at locations where it is economically feasible. In addition to Lowry, the Air Force Real Property Agency is pursuing privatization at the former McClellan AFB, CA. In coordination with the Department of Defense, the Air Force is developing criteria for the BRAC 2005 Handbook that will aggressively reflect privatization as a viable method under BRAC 2005.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

SUPPLEMENTAL REQUEST/KUWAITI AERIAL PORT

Question. Because of the timing of the President's Budget Request, and the submission of the \$75 billion Supplemental request, it's impossible not to question projects included in the supplemental as emergencies. The Air Force has asked for an aerial port at Ali Al Salem Air Base in Kuwait. The request is for \$75 million and that's just the first phase of an unspecified number of phases. First, can you give me the total cost and number of phases for this project, and secondly, why our location at Kuwait City Airport isn't sufficient? These are temporary facilities, are they not?

Answer. The \$75.5 million MILCON request in the fiscal year 2005 Supplemental is an emergency. It is intended to provide the minimum construction requirements necessary to move all flying operations out of the Kuwait City International Airport (Mubarak AB) and meet the current contingency requirements in support of Operation IRAQI FREEDOM (OIF). The project expands the runway, taxiway, aircraft parking, and fueling capability at Ali Al Salem (AAS) in order to enable the airfield to support wide-body aircraft. Additionally, the project provides only the basic facility needs to process passengers, handle cargo, plus billeting/dining facilities (using pre-engineered buildings). The \$75.5 million project in the fiscal year 2005 Supplemental was developed last year assuming continued commercial traffic into Kuwait City International Airport (KCIA). Current revised planning assumption is that all U.S. flights will be redirected to AAS vice KCIA. With this increased number of daily commercial landing and takeoffs, recent pavement/soil analysis done by the Corp of Engineers determined that the existing design and condition of the Host Nation (HN) airfield will require repairs (\$18.3 million to \$35 million depending on design) to the existing airfield pavements in order to support heavy aircraft beyond 2 years. We will request HN funding for this effort, and if unsuccessful in obtaining HN funding will submit O&M funded repair under section 2811. Bottom line: the \$75.5 million project will effectively move all operations out of KCIA in the short term, but the additional load on the AAS runway will cause it to fail unless it is repaired. Next, there is a four-phase plan to transition Ali Al Salem into an enduring base with permanent type facilities in accordance with the long range

CENTCOM Master Plan. These phases are not tied to OIF, (like the interim \$75 million Supplemental project mentioned above), and will be submitted for Host Nation funding/cost sharing and potential future U.S. MILCON funding. The preliminary scope of work and cost estimates for these future phases are reflected in detail in the below spreadsheet.

[In thousands of dollars]

Project title	HN funding request
Phase 1 Priority:	
Conc Strat Lift Ramp 8 wide/48 other	75,300
Connecting Taxiways	2,800
Engine Runup & Maint Pad	3,100
Fuel Hydrant Sys (8 Strat, 24 Other), Ph 1	15,000
Flightline/Satellite Fire Station	3,000
2 Lane Asphalt road, Ph 1	2,000
Communications	2,200
Supporting fac, utilities, demo, sitework	7,000
Demining, Ph 1	7,000
Phase 1 Total	117,400
Phase 2 Priority:	
Operational Fuel Storage	10,000
Fuel Hydrant Sys (8 Strat, 24 Other), Ph 2	24,900
PAX Terminal	5,000
Fleet Service Warehouse	2,300
Air Freight Terminal	5,000
Wide body Maintenance Hangar	22,400
Maintenance Shops w/Hangar	4,500
Hangar Apron	3,600
Squadron Ops Facility	3,400
AMU Facility	3,400
Fuels Ops & Testing Facility	1,100
2 Lane Asphalt road, Ph 2	800
Army Fac (Troop Processing, Hospital, etc)	59,000
Supporting fac, utilities, demo, sitework	7,000
Demining, Ph 2	7,000
Phase 2 Total	159,400
Phase 3 Priority:	
12,000' × 200' Runway w/50' shoulders	23,000
7,500' × 100' Taxiway w/50' shoulders	10,500
Asphalt Overruns	1,300
Ladder & High Speed Taxiways	16,900
Hot Cargo Pad	4,900
Air Traffic Control Tower	1,800
Airfield Lighting/NAVAIDS	11,200
2 Lane Asphalt road, Ph 3	800
Supporting fac, utilities, demo, sitework	7,000
Demining, Ph 3	7,000
Phase 3 Total	84,400
Phase 4 Priority:	
80 km Pipeline from Refinery	38,400
Flightline Dining Facility	2,700
Housing (10×24 room)	8,400
Repair old runway/taxiway after move	24,600
MWR & Support Facilities	2,800
2 Lane Asphalt road, Ph	42,900
Supporting fac, utilities, demo, sitework	7,000
Demining, Ph 4	7,000
Phase 4 Total	93,800

[In thousands of dollars]

Project title	HN funding request
Cost Sharing Totals	455,000

The transition from Kuwait International Airport to Ali Al Salem serves two purposes. One, the Government of Kuwait (GoK) has requested that all Military operations relocate as they move to establishing a Free Trade Zone and increase tourism to their country. Second, by consolidating the Aerial Port of Debarkation APOD (currently at KCIA) with the passenger processing and tactical airlift (currently at AAS) the force protection risk of convoying deploying/redeploying forces between these locations is mitigated. Currently Military and U.S. commercial aircraft are parked adjacent to the uncontrolled freeway and accessible by commercial vehicles operating on KCIA. Bussing troops from KCIA to Camp Buehring for in processing, then on to AAS for airlift into Iraq exposes them to risk of attack. The fiscal year 2005 Aerial Port project allows relocation of APOD from KCIA to mitigate force protection risks to troops, improves efficiency of logistics and troop movements, and satisfies HN request to allow KCIA civil aviation expansion. The facilities to be constructed are pre-engineered temporary facilities with anticipated life expectancy of 5 to 7 years given the extreme temperature conditions of AAS.

RECAPITALIZATION RATE

Question. Mr. Kuhn, as promised, the Air Guard's request is up nearly 30 percent from last year's request, but that still only represents a \$38 million increase. When compared to the amount funded with Congressional ads, the Air Guard still falls \$73 million below last year's funded amount. The recapitalization rate for the Air Guard is 163 years—just slightly less than 100 years off the 67 year goal set by DOD. Given that only 24 percent of this year's request buys current mission projects, how do you plan to buy down the recapitalization rate?

Answer. The OSD goal for the Services to achieve a 67-year recapitalization rate is by fiscal year 2008; a goal which the Air National Guard is currently programmed to meet. The Air National Guard's fiscal year 2006 and fiscal year 2007 MILCON programs continue to be dominated by new mission requirements for the beddown of the C-5 at Memphis, TN and Martinsburg, WV. Projects associated with these beddowns are primarily new footprint and do not count toward the recapitalization rate. The completion of these beddowns and the up-turn in funding projected for fiscal year 2008 will make this possible.

QUESTIONS SUBMITTED TO MAJOR GENERAL L. DEAN FOX

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

SUSTAINMENT/BASE OPERATIONS SUPPORT (BOS)

Question. General Fox, your testimony notes your restoration and modernization (R&M) backlog will grow to nearly \$9.8 billion in 2006. It also notes your request for R&M funds was restricted to \$173 million in fiscal year 2006. How do you expect to make any progress against the backlog with such small R&M request?

Answer. The readiness of our infrastructure remains an emphasis item for the Air Force; however, near-term fiscal constraints prohibited us from bringing forward a more robust R&M request. During the Program Review period, the Air Force was forced to react to major adjustments in the overall Department of Defense budget, including reductions of almost \$4.8 billion to the Air Force budget in fiscal year 2006. In developing options to source funding in response to this direction, we looked at the full range of Air Force programs, from flying programs to installation support programs. While our fiscal year 2006 budget request for R&M is less than we would prefer, in the out-years we intend to invest more heavily in critical infrastructure maintenance and repair through our R&M program in order to achieve a facility recapitalization rate of 67 years by fiscal year 2008. This strategy is in line with established OSD goals. This additional investment in our R&M program will assist in making progress against our R&M backlog.

Question. General Fox, your testimony notes your restoration and modernization (R&M) backlog will grow to nearly \$9.8 billion in 2006. It also notes your request for R&M funds was restricted to \$173 million in fiscal year 2006. What funding strategy does the Air Force intend to employ to bring down this backlog?

Answer. Our strategy is to invest more heavily in the out-years in critical infrastructure maintenance and repair in order to achieve a facility recapitalization rate of 67 years by fiscal year 2008. This strategy is in line with established OSD goals. This strategy will assist in making progress against our R&M backlog.

Question. General Fox, your testimony notes your restoration and modernization (R&M) backlog will grow to nearly \$9.8 billion in 2006. It also notes your request for R&M funds was restricted to \$173 million in fiscal year 2006. Given the backlog, why has the Air Force not asked for more R&M?

Answer. Near-term fiscal constraints prohibited us from bringing forward a more robust R&M request. During the Program Review period, the Air Force was forced to react to major adjustments in the overall Department of Defense budget, including reductions of almost \$4.8 billion to the Air Force budget in fiscal year 2006.

Question. General Fox, your testimony notes your restoration and modernization (R&M) backlog will grow to nearly \$9.8 billion in 2006. It also notes your request for R&M funds was restricted to \$173 million in fiscal year 2006. Why has the Air Force not submitted a larger sustainment and BOS budget?

Answer. Sustainment, Base Operating Support (BOS), and Restoration and Modernization (R&M) are three separate programs, each with separate requirements and associated funding goals. For Sustainment, the Air Force's fiscal year 2006 budget request is in keeping with established OSD goals; namely, it represents 95 percent of the requirement derived from the OSD Facility Sustainment Model. For BOS, while our fiscal year 2006 budget request is less than we would prefer, near-term fiscal constraints prohibited us from bringing forward a more robust BOS budget. During the Program Review period, the Air Force was forced to react to major adjustments in the overall Department of Defense budget, including reductions of almost \$4.8 billion to the Air Force budget in fiscal year 2006. In developing options to source funding in response to this direction, we looked at the full range of Air Force programs, from flying programs to installation support programs.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

VANDENBERG AFB/MCCLELLAN AFB

Question. General Fox, the Air Force plans to spend \$34.7 million in fiscal year 2006 for environmental remediation at the former McClellan AFB. Could you please tell me, what is the extent of remediation efforts still required at McClellan, how much time and how much funding is still required?

Answer. Former McClellan AFB is on the EPA National Priorities List (NPL) list and is a very complex environmental site. There are nine operable units, which have been organized into 15 specific Records of Decision (RODs). Two RODs are completed. 2010 is the projected Final ROD date, with 2015 being the final remedy in place date. The Estimated Cost to Complete is \$752 million. The Air Force is seeking to implement alternate contracting methods to buyout all or portions of the environmental program over the FYDP. Currently 11 percent of the property is conveyed. All conveyances are estimated for completion by end of 2016.

FOREIGN CURRENCY EXCHANGE

Question. Maj Gen Fox, Your program notes the challenging foreign currency exchange rate. The dollar has been in decline for a couple of years now. When submitting requests for this budget, did your estimates take into consideration the weakened value of the dollar? If so, given a consistent dollar valuation, will exchange rates continue to be a challenge in fiscal year 2006?

Answer. Yes, we have taken into consideration the weakened value of the dollar in developing the cost estimates of our fiscal year 2006 overseas projects. However our prior year projects were programmed at higher rates of exchange and the issue of exchange rates will remain a challenge when making payment for these projects in fiscal year 2006.

SUBCOMMITTEE RECESS

Senator HUTCHISON. Yeah.

Well, thank you very much. Those are my questions. And I appreciate your being here and look forward to working with you.

Mr. KUHN. Thank you very much.

General FOX. Thank you.

Senator HUTCHISON. Thank you.

Our hearing is recessed.

[Whereupon, at 3:16 p.m., Wednesday, March 16, the Subcommittee was recessed, to reconvene subject to the call of the Chair.]